

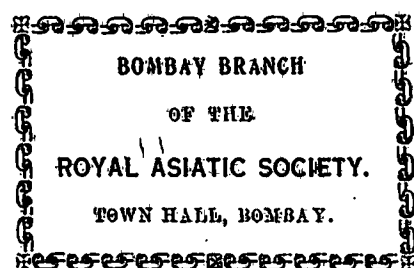
Budget of the Governor-General
of India

1932-35 to 1936-37

(except 1935-36)



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EAST INDIA (BUDGET)

Return to an Address of the Honourable the
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India Office,
5th July, 1932 }

S. F. STEWART,
Under Secretary of State for India

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**GOVERNMENT OF INDIA,
FINANCE DEPARTMENT,**

BUDGET FOR 1932-33.

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PART I.
Railway Budget.

Speech of the Railway Member

introducing the

Railway Budget for 1932-33.

It is once more my duty to present to the Assembly the Railway Budget estimate for the coming year. On this occasion no change has been made in the form of the papers to be placed in the hands of Honourable Members of sufficient importance to require separate notice. In the preparation of the budget I have, as always, received the greatest assistance from the Chief Commissioner, the Financial Commissioner and the Members and staff of the Railway Board. A special word of thanks is also due to the members to the Standing Committee on Railway Finance for the help they have given us throughout the year.

2. I have no doubt that, as on former occasions, Honourable Members when giving notice of motions for reductions in the demands will indicate briefly the questions they wish to raise. The advantages of this practice are so obvious that I need not dilate upon them.

Financial results of 1930-31.

3. The anticipations we formed a year ago as to the financial results of the working of the railways in 1930-31 were very nearly fulfilled. We expected that the loss on all the railways, both commercial and strategic, would be 5½ crores, and that it would be necessary to withdraw nearly 11 crores from the reserve in order to pay the contribution to general revenues. The actual sum taken from the reserve exceeded the estimate by only 6 lakhs, but it is fair to add that the working expenses were nearly a crore above the figure taken in the revised estimates, this excess being counterbalanced by an increase in the arrear adjustments with the depreciation fund.

Revised estimate for 1931-32.

4. If my estimate of the financial results of 1930-31 proved to be very near the mark, the case is far otherwise with the current year. We budgeted for a heavy reduction of expenditure as a result of the economy measures which railway administrations had already started, and here our expectations have been more than fulfilled, for our working expenses are likely to be less by nearly 3 crores than the budget figure. But this result, satisfactory in itself, is far more than counterbalanced by a substantial decline in our earnings. The figures I shall give in order to explain the position are those for the commercial lines, for the loss on the strategic railways at 2 crores is very close to our estimate, and it is unnecessary to refer to them further.

5. When I presented the budget estimates for the current year to the House, I anticipated an improvement in the gross traffic receipts of about 6 crores. Of this sum, 2 crores was expected to accrue from minor alterations in rates and fares, and for the rest it was assumed that the latter part of the year would show some improvement in traffic. As Honourable Members are no

doubt aware from the statement of traffic earnings which we publish weekly, our hope that the cold weather of 1931-32 would be marked by an upward tendency in trade and some relief of the prevailing economic depression has not been fulfilled. I had always believed that a change for the better might begin towards the end of September, but although that month was certainly marked by changes of a somewhat startling character—changes which may contain within them the seeds of a real trade improvement in the future—I fear it cannot be said that they have as yet resulted in any appreciable advantage to the railway revenues. Instead of being about 6 crores higher than the previous year, our net traffic earnings are lower by more than 8 crores. Both goods earnings and passenger earnings have fallen off by about $8\frac{1}{2}$ per cent., and every class of traffic has been affected. It is evident that both the severity and the duration of the economic crisis through which the world is passing were underestimated a year ago and that I was over-sanguine in anticipating that the current year would find us already on the up grade.

6. The position, as disclosed in the revised estimates, compares with the budget figures as follows. We placed the total receipts at 101 crores and the total charges at nearly 98 crores, leaving a surplus for the year of 3 crores. Of this latter sum, about 2 crores would in any case have been required to meet the loss on the strategic railways and a balance of about 1 crore would have been left towards the contribution. It was recognised, therefore, that the reserves would have to be drawn upon to the extent of 4 crores in order to pay the contribution. Actually, our total receipts are now estimated at $86\frac{1}{2}$ crores and our total charges at 94 crores, so that instead of a surplus there is a deficit of $7\frac{1}{2}$ crores. This figure is raised to $9\frac{1}{2}$ crores by the loss on the strategic railways, and it becomes necessary to exhaust the balance of the reserve fund, not in order to pay a contribution to the general revenues but to meet a part of the deficit. The amount in the Reserve Fund does not exceed 5 crores, and, in order to balance the accounts, the only expedient open to us is a temporary loan of $4\frac{1}{2}$ crores from the depreciation fund. In effect this means that after paying our obligatory interest charges, the balance remaining falls short by this amount of the full allotment for depreciation.

Budget for 1932-33.

7. For the year 1932-33 we estimate that our total receipts will be $88\frac{3}{4}$ crores and the total charges $94\frac{1}{2}$ crores. The loss on the commercial lines is therefore $5\frac{1}{2}$ crores, and to this must be added the loss on the strategic railways of 2 crores, the total deficit for the year being $7\frac{1}{2}$ crores. As there is now no balance in the reserve fund, the whole of this sum has to be made good by a temporary loan from the depreciation fund. I ought to mention at this point that, by a change in accounting methods, both the earnings and the expenditure are higher by about $1\frac{1}{4}$ crores than they would have been under the system previously followed. This fact should be remembered when any comparison is made with the figures of the previous year.

8. Our estimate of earnings is based on the assumption that the volume of traffic will be about the same as it has been during 1931-32. The enhancements of rates and fares that have been introduced this year by particular railways and the general surcharge on coal freights should increase our earnings by about 1 crore, and it is only to this extent that we expect any improvement in our revenues. Both in 1930-31 and in 1931-32 our estimate of receipts proved unduly optimistic, and on this occasion we have felt it necessary to take a conservative figure. To attempt to estimate the earnings of any commercial system under the world conditions which now prevail is largely a matter of

guess work, but while on the one hand I can see no definite reason for thinking that during the next twelve months the volume of business will show much expansion, on the other hand there is equally little reason for anticipating any further marked deterioration. In these circumstances, it is hardly possible to do otherwise than to take the current level of earnings as the basis of our estimate.

9. If allowance is made for the accounting change to which I have already referred, our working expenses next year are expected to be nearly 2 crores lower than in this year. Out of this sum $1\frac{1}{2}$ crores is due to the emergency cut in pay, which will be in force for the whole year instead of for part of the year only. The balance is not far short of 50 lakhs, but account must also be taken of an automatic increase of 25 lakhs in the amount required for depreciation, and an increase in fuel charges by 37 lakhs owing to the surcharge on coal freight. When allowance is made for both these factors, the reduction in working expenses, apart from the cut in pay, is raised to about 1 crore. If this result is achieved, the position will not I think be unsatisfactory. It is to be remembered that by the end of the current year 400 miles of new lines will have been opened, and there is also an automatic increase in expenditure caused by the annual increments earned by the staff. These are items which raise our costs whether we will or no, and they have to be set off against the reductions in items fully under our control. But I should like to make it plain that, while we have not considered it safe to anticipate a larger reduction in expenditure as compared with the present year, there is no intention that the economy campaign should be relaxed in the slightest degree. Only the most rigid control of expenditure and insistence on economy, wherever economies are possible, can ultimately restore full solvency to the railways, and every effort will be used to bring about this result.

Capital Programme.

10. The activities of the railways on the capital side have been subjected to as close a restriction as on the revenue side. The financial circumstances of the time are such as to leave us no option, and the programme of new works has been ruthlessly pruned. The total sum provided is only $9\frac{3}{4}$ crores, of which the major portion is debitable to the depreciation fund. To cut down our development work to this extent is only possible by limiting the sums allotted for new construction to 1 crore, which will enable us very nearly to complete all the lines now under construction. By the end of next year the Sagaing bridge over the Irrawaddy will be the only unfinished item, and it will be very near completion, as the sum required for it in the following year is only 13 lakhs. So far as open line works are concerned, the only works for which any large provision has been made are the rebuilding and strengthening of certain important bridges where the work could not be postponed any longer consistently with the safety of the public. By the end of next year therefore the capital expenditure to which Government stands committed will be reduced to a very low figure, and capital expenditure can be limited strictly in accordance with the financial exigencies of the time.

11. This brings me to the end of my review of the figures included in the revised estimates for the current year and the budget estimates for 1932-33, and I have deliberately made my survey of the figures as concise as possible. It has been customary in the latter part of the budget speech to enlarge on one or other of the more important aspects of railway policy. On this occasion it will perhaps be better to keep more closely to the financial position of the railways, and to examine from a broader point of view what that position is.

There is the more reason for adopting this course, because a policy of retrenchment necessarily curtails and limits any attempt to pursue an active policy of development and improvement in any direction, and for the moment many of our plans are at a standstill. It is a matter of particular regret to myself that our schemes for improving the conditions of service of our lower paid staff have been grievously retarded, but indeed the slowing up has been general and felt in all departments.

12. From the year 1922-23 up to the year 1929-30 the commercial lines had a surplus in every year and were able to make substantial contributions in aid of general revenues. In the three years from 1930-31 onwards, however, there are deficits, ascertained or estimated, amounting to 3, 7½ and 5½ crores. These deficits can be viewed from one or other of two different points of view. In one aspect what in effect they mean is that the full amount which ought to be allocated to the depreciation fund cannot be provided owing to insufficiency of earnings. This does not mean that the railways have been unable to meet out of revenue the sums actually expended in each year in the replacement of assets, but that they have failed to provide the full sum required to be set aside if the future is to be safeguarded, and our ability ensured to meet fully out of accumulated revenues all sums required for replacements in the future. It is not an uncommon practice for commercial concerns to regulate their actual allocations to depreciation in any particular year not on theoretical grounds but on the basis of the actual results of the year's working. The mere fact therefore that our railways have not been able for three years in succession to meet out of current earnings the depreciation charges in full is not in itself an argument against their ultimate solvency, provided always there is a reasonable prospect that the unfavourable conditions will gradually pass away, so that the losses incurred in lean years may be made good in the more prosperous years which follow.

13. The other way of viewing the position is this. Ordinarily, a company railway in any country in the world would have raised part of the capital invested in the line by means of prior charges such as debentures, and another part in the form of ordinary shares. I will not complicate the comparison by referring to preference shares which might be held to fall in the one class or the other according as the dividend was cumulative or non-cumulative. When trade is depressed and railway earnings decrease, it becomes impossible to maintain the same distributions out of the balance remaining after working expenses have been covered. In that case, the ordinary dividends would first be sacrificed, the provision for depreciation would come next, and the prior charges last of all, because failure to meet them would be an act of insolvency. A State-managed railway, however, is usually in a different position, and certainly this is true of the Indian Railways. The whole of the capital has been raised in the form of what is equivalent to debentures, for the ordinary share capital of the company-managed lines is a negligible proportion of the total. It is true, therefore, to say that, before any allocation can be made for depreciation, interest has to be paid in full on the whole of the capital invested in the undertaking. The point to which I draw attention is this, that so far as the commercial lines are concerned, if only one-fourth of the capital investment were in the form of ordinary shares instead of in the form of fixed interest-bearing securities, it would be possible, in each case of the three deficit years, to meet the depreciation charges in full by means of a reduction in, or the total suspension of, the ordinary dividend. When gloomy views are sometimes expressed as to the solvency of the Indian railways, it is important, I think, to bear this aspect of the case in mind. What

we have to face, even when the country is passing through the severest economic crisis which the world has yet seen, is no worse than that which an ordinary commercial undertaking has to grapple with, when all obligatory expenditure can be met in full but dividends on the ordinary shares can not be paid.

14. I may be asked, however, what about the contributions to general revenues? The obligation imposed on the railways by the Separation Convention to pay an annual contribution amounting to one per cent. of the capital at charge—subject to minor variations in amount according to the financial results of each year—can be viewed as a measure of taxation imposed on the railways, or as being in the nature of an additional distribution of profits which the taxpayer, who is, I take it, the ordinary shareholder of the undertaking, may fairly claim to receive in addition to the recoupment of the interest he himself has to pay on the money invested in the concern. I am not interested at the moment to consider which of these two views is the more accurate one, but whichever view is adopted, it is clear that when trade is suffering from acute depression, it may be impossible either to realise a tax on railway revenues or to earn any additional distribution of the nature of a dividend or bonus. This has always been recognised, and for this reason the Separation Convention provided for the accumulation of a reserve fund out of the profits of the good years, so that when the lean years came, the contribution would have been collected in advance. Three years ago when the balance in the reserve fund amounted to about 18½ crores it seemed that a sufficient fund had been accumulated to tide the railways over even a series of 3 or 4 years of bad trade. But what we have had to face during the last two years, and must continue to face in the coming year, is something much more serious than an ordinary trade depression, namely, a catastrophic decline in prices accompanied by the greatest slump in trade which the world has yet seen. It is impossible for the railways of India, or for any other commercial undertaking, to plan its financial organisation on lines which will provide adequate security against conditions of this kind. Such emergencies have to be faced as they arise, and measures taken to meet the immediate exigencies of the moment. They cannot be planned out in advance.

15. On the revenue side we have endeavoured to alleviate our difficulties by making certain increases in rates and fares, where it seemed likely that by this means additional income could be obtained. The increases made have been mainly in connection with coaching traffic, including both passenger fares and parcel rates, but about six weeks ago a surcharge of 15 per cent. was imposed on coal freights apart from shipment and bunker coal, and this is by far the most important change in goods rates. I refer especially to this increase, because I should have been most unwilling to agree to it, had the financial position of the railways been less serious than it is. I have long held the view that it is in the interests of the railways to keep coal freights at the lowest level commercially possible, because cheap coal is essential to industrial development, and industrial development means increased traffic for the railways. But on this occasion circumstances left no alternative. It could not be doubted that a higher charge, to the extent imposed, could in fact be realised without diminishing traffic, and even with the addition made, our coal freights still remain at a very low level.

16. In my budget speech last year I explained my view that no solution of our difficulties was to be found in any general increase in the level of freights and fares, and all that has occurred since then has strengthened the conviction which I then formed. Conditions being what they are, and the root cause of all our difficulties being the lack of purchasing power of the community

as a whole, any general increase in freights and fares would defeat its own object. The subject which has engaged my own attention during the last year has been rather the converse question whether we might not secure increased revenue from a reduction in freights on certain commodities owing to the expansion in the volume of traffic which might follow. In particular, in accordance with the undertaking which I gave in my budget speech last year, the question of cotton freights was specially examined last autumn and was discussed with the Agents of the lines principally concerned. But I have not yet been able to satisfy myself that a freight reduction in any class of agricultural produce could be effected without a substantial loss of earnings, and as things stand to-day, such a loss could not be faced. The sole experiment we have made in this direction, namely, the reduction in the wheat freight to Karachi which was made in July last, was not so successful as to encourage us to undertake further experiments of the same kind. Owing to changes which took place shortly afterwards in the level of prices within and outside India, the export of wheat became impossible, and no increase in the volume of traffic followed, but merely a diversion of trade within India from one route to another involving an appreciable loss of revenue to the railways.

17. The question of cotton freights, as I have already said, received special attention, and had prices remained at the level which they touched at the beginning of September last, there was great reason to apprehend that the existing level of freights could not be maintained, since it was becoming doubtful whether, without a reduction, the crop would move. The departure from the gold standard, however, in that month brought about an immediate rise in cotton prices, and this tendency became subsequently still more accentuated owing to an unexpected shortage in the cotton crop, especially in the Central Provinces and Berar. With prices as they now stand, Government are satisfied that there is no danger that the cotton crop will not move, and no adequate grounds have been established for the reduction in freight. The general question, however, is one which requires constant and close observation, and I have personally drawn the attention of the Agents of the principal lines to the necessity of seeing that the matter is not overlooked.

18. Throughout the year the one subject on which the time and energies of every one connected with the Railway Department has been concentrated has been Retrenchment. Into the details of the subject I will not enter now, for Honourable Members will find full particulars of the action taken in order to bring down expenditure in the Railway Board's memorandum, and in the special memorandum which has been prepared to show the action taken on the report of the Retrenchment Sub-Committee, and no doubt I shall have opportunities of dealing with the subject when the cuts are moved. In the main, costs have been reduced not by any spectacular curtailment of activities, but by the aggregation of an immense number of small economies in every branch of the administration. This is an aspect of the case to which I drew special attention last year, and I need not dilate upon it again. I should like, however, to take this opportunity of acknowledging the very valuable services of the Railway Retrenchment Sub-Committee and to express my appreciation of the assistance we have obtained from their recommendations. To a very large extent we have found it possible to take action on the lines suggested, and where we have found it impossible to go quite so far as the Committee wished, we have given their views the most careful consideration before departing from them.

19. One of the recommendations of the Sub-Committee was the appointment of an expert committee to go further into the question. That was a

recommendation which I welcomed, for I am convinced that the railways of India have everything to gain and nothing to lose from a review of their practices and methods by experts with railway experience in other countries. We took all steps possible to bring about the constitution of such a committee which would visit India during the current cold weather. We were disappointed, however, to find that the services of the experts whom we hoped to obtain could not be secured, and we were driven to the conclusion that the appointment of the Committee must be postponed. The object aimed at in the appointment of such a committee is of course something much more far-reaching than the mere enforcement of economy in the ordinary sense, for it may involve very considerable reorganisation of methods, and for this purpose it is necessary that the qualifications of the members should be of the highest kind. It is my earnest hope that it will be possible to arrange for the appointment of such a committee next cold weather, so that our methods of working may be reviewed by those who can speak with authority and from their knowledge of what is done elsewhere.

20. The question may be asked—what is to be the future financial position of the Indian railways and how are they to emerge from the very difficult position in which they now stand? These are questions with far-reaching implications and easier to ask than to answer, but one thing at least is certain, that since the crisis was brought about not by any circumstances peculiar to India but by economic conditions extending over the whole world, a permanent solution of the problem can be achieved only on a worldwide scale. The various countries in the world are now so closely knit together that conditions in any one country have immediate and far-reaching effects on all other countries. It would take me far beyond my proper sphere to enter into any analysis of the world conditions to which I have referred, but this perhaps may be said that, if the statesmen of the world fail to find a solution of the difficulties with which they are faced, the financial position of the Indian Railways is merely one very small item in a long list of commercial undertakings of all sorts whose very existence will be threatened.

21. This is the last occasion, Mr. President, on which I shall have the honour of submitting the Railway Budget for the consideration of this House. When I look back on the series of speeches I have delivered, I am somewhat ashamed at the prolixity with which at times I have spoken. On this occasion I have striven to be more concise, but I cannot close without paying a special tribute to all those with whom I have been associated during the last five years in the administration of the Railways of India. To all of them I owe a very deep debt, but I shall name only two, and the first is the Financial Commissioner. Sir Alan Parsons is about to quit these Benches and to transfer himself from the Railway Department and the Legislative Assembly to the Finance Department and the Council of State. I sometimes wonder whether in the dignified repose—the *otium cum dignitate*—which we naturally associate with the proceedings of the Upper House he will not sometimes look back with regret on the long series of supplementary questions with which he has had at times to grapple in this House and the genial Parliamentary ferocities with which Honourable Members opposite sometimes enliven our discussions. I do not know how long they will linger in his memory, but in my own they are already tinged with the tender hues of regret, as of 'old unhappy, far off things and battles long ago'. But whatever I may remember, I shall not forget the days I have spent with a very faithful administrator and a very loyal colleague. It is a great satisfaction to me to know that he will have in Mr. Rau a worthy successor who has already proved his capacity.

22. The second of my associates whom I desire to name is the Chief Commissioner, Mr. Russell. To him has fallen what is perhaps the most difficult task of all, namely, to guide and administer the railways during the era of retrenchment. It is one thing to take over charge of a great commercial organisation at the beginning of a boom when money is plentiful, new schemes can be initiated and each scheme in turn seems to lead to satisfactory results, and it is another thing—and here I speak from personal experience—to take charge of such an organisation at a time when the period of prosperity has passed, or is passing, and each month seems gloomier than that which preceded it. In my first Budget speech I paid my tribute to the work which had been done by Sir Clement Hindley, and I desire now to acknowledge the value of the services Mr. Russell has been able to render at a time not of success and prosperity but of gloom and depression. Retrenchment on the railways spells discouragement on every side, the abandonment of deeply cherished hopes and ambitions—a construction programme reduced almost to negligible proportions, the indefinite postponement of all schemes of improvement, whether in traffic working, in the provision of increased amenities for the travelling public, or in improvements of the condition of the lower paid staff. It has often seemed to me as if all the work which between 1922 and 1929 was devoted to the improvement of the railway administration of India was being pulled to pieces and scrapped, and when that is the case, to avoid discouragement is not easy. It became necessary, as the trade depression intensified, to inflict real and serious hardship on all classes of railway servants, whether in the form of reductions in pay or reductions in establishment involving many discharges. Nor was it only the immediate loss which the staff had to apprehend, but also the curtailment of prospects in the future, for in every grade the number of appointments has been cut down, and in many cases hopes of promotion have been indefinitely postponed. It is in work of this kind that Mr. Russell and I have been engaged during the past year, a more unwelcome task I cannot imagine.

23. On this subject I am only going to say two things more. If you think of going out to shoot tigers, Mr. Russell is a good man to have as a companion, for if a cool head and an undaunted heart are what you want, he will see you through. The second thing I wish to say is this. If we at headquarters have had an unpleasant time but have striven to meet the crisis in the only way it can be met, what about the great body of railway servants throughout India whose lives from day to day have been profoundly affected by the policy of retrenchment—how have they met the crisis? The answer to that question can be given quite shortly and simply. From the highest ranks to the lowest they have met the emergency in the spirit of loyalty and service, carrying out the policy which circumstances have imposed upon us with unflinching resolution, and frank acceptance of what is inevitable, however unwelcome. If I did not pay my tribute to the way in which the great body of railway servants throughout India have passed through these critical times, I should indeed be unworthy to fill the post which I have held for the last five years. That honour and that trust are now to pass to other shoulders. But so far as I am concerned, I have no doubt at all as to the future of the Indian Railways. We cannot indeed control world conditions, and with other countries we may be involved in a common catastrophe. But in so far as our difficulties can be combatted by our own resources, I have complete confidence that so long as our staff are imbued with the spirit they have shown during the last two years, every difficulty will be met and every obstacle overcome until the return of prosperity enables us to resume that active policy of development on which India's economic future so largely depends.

BUDGET

of the

Railway Revenue and Expenditure of the Governor-General in Council, AS LAID BEFORE THE Indian Legislature, 1932.

RAILWAY DEPARTMENT;
New Delhi, the 25th February 1932.

A. A. L. PARSONS,
Financial Commissioner of Railways.

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4.—STATEMENT of the CAPITAL EXPENDITURE of the CENTRAL GOVERNMENT in INDIA and ENGLAND ON RAILWAYS	20—21
A.—RAILWAY DEPRECIATION FUND	22
B.—RAILWAY RESERVE FUND	23

BUDGET FOR 1932-33.

1.—Statement of the Revenue of the Central

HEADS OF REVENUE.	ACCOUNTS, 1930-31.				REVISED ESTIMATE,	
	India.	England.	Exchange.	TOTAL.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
XI.—State Railways—						
(a) Commercial lines—						
Gross receipts—						
Passenger traffic earnings—						
Upper class . . .	3,81,78,000	...	...	3,81,78,000	3,35,00,000	...
Third class . . .	27,36,62,546	...	...	27,36,62,546	25,15,00,000	...
Other coaching traffic earnings.	6,38,59,801	...	...	6,38,59,801	5,00,00,000	...
Goods traffic earnings .	59,83,69,258	...	...	59,83,69,258	55,00,00,000	...
Sundry earnings . . .	1,88,84,855	6,43,141	7,347	1,95,35,343	1,63,53,000	6,43,000
Credits for materials released from works chargeable to the Depreciation Fund.	...	...	...	...	...	...
TOTAL EARNINGS	98,19,54,458	6,43,141	7,347	98,26,04,946	90,13,53,000	6,43,000
Deduct—						
Refunds of Revenue collected.	11,38,335	...	...	11,38,335	12,00,000	...
Earnings of worked lines.	4,93,75,440	...	...	4,93,75,440	4,65,00,000	...
Earnings of State Railways.	93,09,40,688	6,43,141	7,347	93,15,91,171	85,36,53,000	6,43,000
Suspense . . .	48,35,404	...	...	48,35,404	...	...
Gross receipts of State Railways.	93,55,66,177	6,43,141	7,347	93,62,16,665	85,36,53,000	6,43,000
Deduct—Working expenses of State Railways.*	64,78,37,250	52,84,206	67,401	65,26,83,857	60,37,05,000	53,55,000
Surplus profits paid to Indian States and railway companies.	1,16,29,532	...	...	1,16,29,532	82,75,000	...
Net receipts . . .	27,65,99,395	—46,41,065	—60,054	27,18,98,276	24,16,73,000	—47,15,000
(b) Strategic lines—						
Gross receipts . . .	1,47,60,130	...	...	1,47,60,130	1,32,10,000	...
Deduct—Refunds of Revenue collected.	10,563	...	...	10,563	10,000	...
Working expenses . . .	2,18,57,335	609	3	2,18,57,947	1,92,00,000	...
Net receipts . . .	—71,07,768	—609	—3	—71,08,380	—60,00,000	...
Total net receipts, Commercial and Strategic lines.	26,94,91,627	—46,41,674	—60,057	26,47,50,596	23,56,73,000	—47,15,000
XII.—Subsidized Companies—						
Government share of surplus profits, etc.	16,87,877	3,44,502	3,794	20,36,173	16,11,000	88,000
XII-A—Miscellaneous Railway Receipts—						
(a) Commercial lines—						
Interest on Depreciation and Reserve Fund balances.	1,26,86,183	...	...	1,26,86,183	90,15,000	...
Dividend on investments in branch lines, and other Miscellaneous Receipts.	20,91,701	...	...	20,91,701	15,50,000	...
(b) Strategic lines—						
Interest on Depreciation Fund balances.	5,31,972	...	...	5,31,972	5,53,000	...
TOTAL RECEIPTS	28,64,59,360	—42,97,172	—56,263	28,21,35,925	24,88,02,000	—46,27,000
XII-B.—Transfers from Railway Reserve Fund.	10,92,35,160	...	...	10,92,35,160	4,95,06,000	...
XII-C.—Loans from the Railway Depreciation Fund.	...	...	...	...	4,52,02,000	...
TOTAL	39,57,24,520	—42,97,172	—56,263	39,13,71,085	34,38,10,000	—46,27,000

* For details see statement 1(a).

BUDGET FOR 1932-33.

11

Government from Railways in India and England.

1931-32.			BUDGET ESTIMATE, 1932-33.				Increase (+) Decrease (-) as compared with Revised, 1931-32.
Exchange..	TOTAL.	Increase (+) Decrease (-) as compared with Budget, 1931-32.	India.	England.	Exchange.	TOTAL.	
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
...	3,35,00,000	-73,00,000	3,40,00,000	...	...	3,40,00,000	+5,00,000
...	25,15,00,000	-5,17,00,000	25,45,00,000	...	...	25,45,00,000	+30,00,000
...	5,00,00,000	-73,00,000	5,00,00,000	...	...	6,00,00,000	...
...	55,00,00,000	-7,88,00,000	55,75,00,000	...	...	55,75,00,000	+75,00,000
4,000	1,70,00,000	-15,00,000	1,65,57,000	6,43,000	...	1,70,00,000	...
...	...	...	1,20,00,000	...	...	1,20,00,000	+1,20,00,000
4,000	90,20,00,000	-14,66,00,000	92,43,57,000	6,43,000	...	92,50,00,000	+2,30,00,000
...	12,00,000	-3,00,000	12,00,000	...	...	12,00,000	...
...	4,65,00,000	-50,00,000	4,78,00,000	...	...	4,73,00,000	+8,00,000
4,000	85,48,00,000	-14,07,00,000	87,58,57,000	6,43,000	...	87,65,00,000	+2,32,00,000
...	...	...	...	...	...	...	...
4,000	55,43,00,000	-14,07,00,000	87,58,57,000	6,43,000	...	87,65,00,000	+2,32,00,000
37,000	60,91,00,000	-8,49,00,000	60,28,99,000	59,01,000	...	60,81,00,000	-10,00,000
...	82,75,000	+7,75,000	80,00,000	...	...	80,00,000	-2,75,000
-33,000	23,89,35,000	-10,65,75,000	26,49,58,000	-45,58,000	...	26,04,00,000	+2,34,75,000
...	1,32,10,000	-18,00,000	1,35,10,000	...	...	1,35,10,000	+3,00,000
...	10,000	...	10,000	...	...	10,000	...
...	1,92,00,000	-11,00,000	1,89,00,000	...	...	1,89,00,000	-3,00,000
...	-60,00,000	-7,00,000	-64,00,000	...	...	-54,00,000	+6,00,000
-33,000	23,00,25,000	-10,72,75,000	25,05,58,000	-45,58,000	...	25,50,00,000	+2,40,75,000
1,000	19,00,000	+1,00,000	17,43,000	57,000	...	18,00,000	-1,00,000
...	90,15,000	-27,64,000	80,65,000	...	...	80,65,000	-9,50,000
...	15,50,000	-50,000	6,50,000	...	...	6,50,000	-9,00,000
...	5,53,000	-1,03,000	4,50,000	...	...	4,50,000	-1,03,000
-32,000	24,39,43,000	-11,00,92,000	27,04,06,000	-45,01,000	...	26,59,05,000	+2,20,22,000
...	4,05,06,000	+81,39,000	...	...	...	...	-4,95,06,000
...	4,52,03,000	+4,52,03,000	7,58,79,000	...	...	7,58,79,000	+8,06,77,000
-32,000	33,86,51,000	-5,67,51,000	34,68,45,000	-45,01,000	...	34,18,44,000	+31,03,000

BUDGET FOR 1932-33.

1(a).—Statement of Working Expenses

Heads of working expenses.	ACCOUNTS 1930-31.				REVISED ESTIMATE.	
	India.	England.	Exchange.	TOTAL.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Administration	14,01,35,327	248,64,206	62,124	14,50,61,657	13,80,95,000	48,72,000
Repairs and maintenance .	15,25,01,530	...	...	15,25,01,530	13,53,00,000	...
Operation	25,45,81,624	4,00,000	5,277	25,49,86,901	22,95,74,000	5,22,000
Depreciation	12,64,37,629	...	...	12,64,37,629	13,00,00,000	...
Wastage	2,59,558	...	...	2,59,558	19,50,000	...
Emergency deductions from way .	...	...	...	...	—77,14,000	—36,000
Payment to Income-tax De- partment in respect of Railway staff exempted from sur-charge.	...	...	...	...	...	...
TOTAL .	67,39,15,868	53,84,206	67,401	67,92,67,475	62,72,05,000	53,58,000
Deduct—Share of Worked Lines.	2,65,78,618	...	...	2,65,78,618	2,35,00,000	...
Working Expenses .	64,73,37,250	52,84,206	67,401	65,26,88,857	60,37,05,000	53,58,000

BUDGET FOR 1932-33.

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of State Railways—Commercial Lines.

1931-32.			BUDGET ESTIMATE, 1932-33.				Increase (+) Decrease (—) as compared with Revised, 1931-32.
Exchange.	TOTAL.	Increase (+) Decrease (—) as compared with Budget, 1931-32.	India.	England.	Exchange.	TOTAL.	
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
33,000	14,30,00,000	+30,00,000	11,69,05,000	48,95,000	...	13,18,00,000	—2,12,00,000
...	13,53,00,000	—1,60,00,000	15,24,00,000	...	...	15,24,00,000	+1,10,00,000
4,000	23,01,00,000	—1,87,00,000	24,56,88,000	5,12,000	...	24,62,00,000	+1,61,00,000
...	13,00,00,000	...	13,25,00,000	...	...	13,25,00,000	+25,00,000
...	19,50,000	+19,50,000	...	...	...	...	—19,50,000
...	—77,50,000	—77,50,000	—2,27,94,000	2,06,000	...	—2,30,00,000	—1,52,50,000
...	...	...	22,00,000	...	...	22,00,000	+22,00,000
37,000	63,26,00,000	—3,84,00,000	62,68,99,000	52,01,000	...	63,31,00,000	—5,00,000
...	2,35,00,000	—35,00,000	2,40,00,000	...	...	2,40,00,000	+5,00,000
37,000	60,91,00,000	—3,49,00,000	60,28,99,000	52,01,000	...	60,81,00,000	—10,00,000

BUDGET FOR 1932-33.

2.—Statement of the expenditure on Railways charged to

HEADS OF EXPENDITURE.	ACCOUNTS, 1930-31.				REVISED ESTIMATE,	
	India.	England.	Exchange.	TOTAL.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
10. State Railways:—						
(a) Commercial lines—						
Interest—						
On Government capital at charge .	18,30,68,828	11,52,21,678	14,14,885	29,87,05,389	18,83,39,000	11,50,83,000
on capital contributed by Indian States and Companies.	4,19,188	1,31,71,337	1,08,308	1,37,58,731	4,20,000	1,32,77,000
Total interest, commercial lines .	18,34,88,014	12,83,92,915	15,23,191	31,24,64,120	18,87,59,000	12,83,60,000
(b) Strategic lines—						
Interest on capital at charge .	1,46,91,014	...	...	1,46,91,014	1,47,02,000	...
TOTAL INTEREST .	19,71,79,028	12,83,92,915	15,23,191	32,71,55,134	20,35,51,000	12,83,60,000
11. Subsidized Companies—						
Land and subsidy	5,80,392	...	...	5,80,392	8,20,000	...
12. Miscellaneous Railway expenditure—						
Commercial lines	43,87,805	17,88,056	23,183	61,99,043	36,12,000	13,69,000
Strategic lines	69,184	...	...	69,184	32,000	...
Payments to general revenues—						
Contribution	5,73,57,332	...	...	5,73,57,332	...	...
13A—Surplus Railway Revenue transferred to Railway Reserve Fund.	...	...	...	...	...	...
TOTAL .	25,95,55,471	13,01,80,971	16,00,373	39,13,71,085	20,80,15,000	12,97,39,000

BUDGET FOR 1932-33.

15

the Revenue of the Central Government in India and in England.

1931-32.		Increase (+) Decrease (—) as compared with Budget, 1931-32.	BUDGET ESTIMATE, 1932-33.					Increase (+) Decrease (—) as compared with Revised 1931-32.
Exchange.	TOTAL.		India.	England.	Exchange.	TOTAL.		
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
8,05,000	30,42,37,000	—30,40,000	19,37,60,000	11,57,20,000	...	30,81,86,000	+12,59,000	
93,000	1,37,90,000	+1,98,000	4,20,000	1,34,01,000	...	1,38,21,000	+31,000	
8,98,000	31,80,17,000	—28,51,000	19,31,88,000	12,91,31,000	...	32,23,07,000	+43,90,000	
...	1,47,92,000	—60,000	1,48,57,000	...	...	1,48,57,000	+65,000	
8,98,000	33,28,09,000	—39,11,000	20,80,43,000	12,91,31,000	..	33,71,61,000	+13,55,000	
...	8,30,000	+1,20,000	7,00,000	...	...	7,00,000	—1,00,000	
9,000	48,90,000	—3,50,000	26,34,000	12,06,000	...	39,40,000	—10,50,000	
...	32,000	—8,000	40,000	...	...	40,000	+8,000	
...	...	—5,36,02,000	...	...	...	...	...	
...	...	...	...	...	...	...	...	
9,07,000	33,86,51,000	—5,67,51,000	21,14,17,000	13,04,37,000	...	34,18,44,000	+1,03,000	

BUDGET FOR 1932-33.

2(a).—Contribution from Railway to General Revenues, 1931-32.

(Based on actuals, 1929-30.)

	Rs.	Rs.
1. 1 per cent. on capital of 7,23,54,27,522 at charge, commercial lines		7,23,54,278
2. (i) Receipts—Commercial lines—		
Gross traffic receipts	1,01,11,46,955	
Subsidised Companies, share of surplus profits	58,70,738	
Interest on Depreciation and Reserve Fund balances	1,24,57,407	
Dividend on investments in branch lines and other miscellaneous receipts	21,46,398	
(i) Charges—Commercial lines—		1,03,16,21,498
Working expenses	68,09,10,135	
Indian States and Railway Companies' share of surplus profits	1,51,97,708	
Interest—		
On capital at charge	27,69,02,348	
On capital contributed by Indian States and Companies	1,36,94,043	
Land and subsidy	4,39,199	
Miscellaneous railway expenditure	53,61,958	
Contribution at 1 per cent. on capital at charge	7,23,54,278	1,04,48,50,659
(iii) Deficit	...	1,32,38,161
(iv) Contribution of one-fifth of surplus	...	...
8. (i) Total contribution from railway revenues [1 plus 2 (iv)]	...	7,23,54,278
Deduct—Loss on strategic lines borne by railway revenues—		
(i) Interest on capital	1,40,09,278	
(ii) Loss in working	47,43,587	
		1,87,51,865
(ii) Net payment due from railway to general revenues in 1931-32	...	5,36,02,413

BUDGET FOR 1932-33.

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2(a).—Contribution from Railway to General Revenues, 1932-33.

(Based on actuals, 1930-31.)

	Rs.	Rs.
1. 1 per cent. on capital of 7,35,94,89,937 at charge, commercial lines		7,35,94,899
2. (i) Receipts—Commercial Lines—		
Gross traffic receipts	93,62,16,665	
Subsidised Companies' share of surplus profits	20,36,173	
Interest on Depreciation and Reserve Fund balances	1,26,86,163	
Dividend on investments in branch lines and other miscellaneous receipts	20,91,701	
(ii) Charges—Commercial Lines—		95,30,30,722
Working expenses	65,26,88,857	
Indian States and Railway Companies' share of surplus profits	1,16,29,532	
Interest—		
On capital at charge	29,87,05,389	
On capital contributed by Indian States and Companies	1,37,58,731	
Land and subsidy	5,90,392	
Miscellaneous railway expenditure	61,99,043	
Contribution at 1 per cent. on capital at charge	7,35,94,899	
(iii) Deficit		1,65,71,06,843
(iv) Contribution of one-fifth of surplus		10,41,76,121
3. (i) Total contribution from railway revenues [1 plus 2 (iv)]		7,35,94,899
Deduct—Loss on strategic lines borne by railway revenues—		
(i) Interest on capital	1,46,91,014	
(ii) Loss in working	66,45,593	
(ii) Net payment due from railway to general revenues in 1932-33	...	2,13,76,006
		5,32,58,213

3.—Statement of receipts of the Central Government in India and England for State

HEADS OF ACCOUNT.	ACCOUNTS, 1930-31.				REVISED ESTIMATE.	
	India.	England.	Exchange.	TOTAL.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
XLI.—Capital contributed by Railway Companies and Indian States towards outlay on State Railways	...	...	...	...	...	..

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[illegible]

4.—Statement of the Capital Expenditure of the

HEADS OF EXPENDITURE.	ACCOUNTS, 1930-31.				REVISED ESTIMATE,	
	India.	England.	Exchange.	TOTAL.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Railway Capital not charged to Revenue:—						
53.—Construction of State Railways:—						
(a) Commercial Lines—						
Open Line Works—						
Rolling Stock				3,37,15,000		
Other Works				7,24,61,452		
New Construction . . .				4,37,62,000		
Suspense				—1,89,97,000		
Purchase of Railways and branch line shares . . .				1,00,000		
Emergency deductions from pay.				...		
TOTAL	7,22,39,804	5,70,88,156	7,23,492	13,00,41,452	5,48,11,000	2,70,00,000
(b) Strategic Lines—						
Open Line Works—						
Rolling Stock				9,31,000		
Other Works				11,38,607		
New Construction				—14,000		
Emergency deductions from pay.				...		
TOTAL	20,45,807			20,45,807	15,00,000	...
TOTAL COMMERCIAL AND STRATEGIC LINES	7,42,75,611	5,70,88,156	7,23,492	13,20,87,259	5,63,11,000	2,70,00,000
53-C.—Discharge of Debentures	...				...	...

BUDGET FOR 1932-33.

21

Central Government in India and England on Railways.

1931-32.			BUDGET ESTIMATE, 1932-33.				
Exchange.	TOTAL.	Increase (+) Decrease (—) as compared with Budget, 1931-32.	India.	England.	Exchange.	TOTAL.	Increase (+) Decrease (—) as compared with Revised, 1931-32.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
	2,41,50,000	—48,80,000				70,25,000	—1,65,25,000
	5,12,00,000	—2,38,60,000				3,85,00,000	—1,27,00,000
	2,70,35,000	—18,75,000				1,01,50,000	—1,68,75,000
	—2,01,75,000	—1,75,000				—1,51,00,000	+50,75,000
	...	...				...	...
	—2,00,000	—2,00,000	...	...	...	—4,75,000	—2,75,000
1,69,000	8,20,00,000	—3,08,00,000	2,57,00,000	1,50,00,000	...	4,07,00,000	—4,13,00,000
	4,00,000	—25,000				25,000	—3,75,000
	10,00,000	—1,61,000				8,00,000	—2,00,000
	1,00,000	—14,000				...	—1,00,000
	...	...				—25,000	—25,000
...	15,00,000	—2,00,000	8,00,000	...	...	8,00,000	—7,00,000
1,69,000	8,35,00,000	—3,10,00,000	2,65,00,000	1,50,00,000	...	4,15,00,000	—4,20,00,000
...	...	...	...	...	...	...	...

BUDGET FOR 1932-33.

A.—Railway Depreciation Fund

	Accounts, 1930-31.	Budget Estimate, 1931-32.	Revised Estimate, 1931-32.	Budget Estimate, 1932-33.		Accounts, 1930-31.	Budget Estimate, 1931-32.	Revised Estimate, 1931-32.	Budget Estimate, 1932-33.
	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.
Opening balance.	12,24,20,420	10,20,20,420	13,01,78,358	14,57,71,358	Appropri- ation from Deprecia- tion Fund.	11,30,59,065	8,25,00,000	12,77,02,000	13,16,79,000
Appropri- ation to Deprecia- tion Fund.	13,07,12,003	13,43,00,000	13,48,09,000	13,70,00,000	Closing balance.	13,01,78,358	21,47,20,420	14,57,71,358	15,08,93,358
TOTAL	25,31,32,423	23,72,20,420	27,34,78,358	28,27,71,358	TOTAL	25,31,32,423	29,72,20,420	27,34,78,358	28,27,71,358

BUDGET FOR 1932-33.

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B.—Railway Reserve Fund.

	Accounts, 1930-31.	Budget Estimate, 1931-32.	Revised Estimate, 1931-32.	Budget Estimate, 1932-33.		Accounts, 1930-31.	Budget Estimate, 1931-32.	Revised Estimate, 1931-32.	Budget Estimate, 1932-33.
	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.
Opening balance.	16,34,22,374	5,48,23,374	5,41,87,114	46,81,114	Appropriation from Re- serve Fund.	10,92,35,160	4,13,67,000	4,95,66,000	
Appropriation to Reserve Fund.					Closing Balance.	5,41,87,114	1,34,56,274	46,81,114	46,81,114
TOTAL	16,34,22,274	5,48,23,274	5,41,87,114	46,81,114	TOTAL	16,34,22,274	5,48,23,274	5,41,87,114	46,81,114

Speech by the Hon'ble Mr. T. G. Russell, Chief Commissioner of Railways, in presenting the Railway Budget for 1932-33 in the Council of State.

SIR,

I have again the honour to present a statement of the estimated revenue and expenditure of the Governor General in Council for the coming year in respect of Railways. This is the third time I have performed this duty. There is a very old superstition that the third time is lucky. I am afraid the Council may not consider that the superstition has been entirely fulfilled in this instance, but I trust I shall be able to show that the Railways of India have done their best, in these days of world-wide trade depression and the consequent falling off in traffic, to meet the situation.

2. As in previous years I propose to give a short resumé of the results of the last financial year, 1930-31, broad details of our revised estimates for this year and a forecast of our revenue and expenditure for the year 1932-33, finishing with some account of our capital expenditure during the current financial year and the expenditure proposed for 1932-33, and I will include a brief review of the situation and a short description of certain railway activities which may be of interest to the Council. I shall endeavour to avoid the quotation of great masses of figures, leaving Honourable Members to study the details given in the Memorandum which will be placed in their hands this morning.

3. When we prepared our revised estimates for the year 1930-31 for presentation to the Council in February of last year we estimated that there would be a loss in the working of commercial and strategic lines combined of 5.12 crores. The actual loss was 5.18 crores. To meet this loss and also to pay our contribution to General Revenues it was necessary to withdraw 10.92 crores from the Reserve Fund, leaving a balance of 5.42 crores at the end of the year. I do not think I need enter into details of the reasons for these results. Railways, like all other undertakings which depend on the prosperity of a country for their revenues, have been greatly affected by the general trade depression and have been working very much under capacity. The expenditure from the Depreciation Fund was 11.40 crores, leaving 13.92 crores at the credit of the Fund at the end of the year.

4. Coming to the current year, in framing our estimates of revenue and expenditure a year ago we, after very full consideration of the position, decided that we were on reasonably safe ground in allowing for a slight increase over 1930-31—a year of abnormally low traffic. Unfortunately our hopes have been falsified and our receipts are actually considerably worse than they were in 1930-31. We now estimate these from commercial lines at 86.68 crores against the 101.02 crores allowed for in our estimates. Although we were unduly optimistic in our estimate of receipts we were at the same time unduly pessimistic about our working expenses, and if our anticipations prove correct these should be about 3½ crores, or 3 crores excluding emergency deductions from pay, less than we budgeted for—a no mean achievement on the part of railway administrations.

5. As I have said we now estimate our total receipts at 86.68 crores. Our total charges, that is, working expenses (including depreciation), surplus profits paid to Indian States and Railway Companies, interest and miscellaneous charges, will amount to 94.12 crores, leaving a net deficit of 7.44 crores for commercial lines; and a loss of 2.03 crores for strategic lines brings the total loss to 9.47 crores. The balance in the Reserve Fund at the beginning of the year was 5.42 crores. Of this sum 47 lakhs is invested in securities, which it is not considered advisable to realise at the moment. After utilising 4.95 crores of the free balance in the Reserve Fund we have a deficit of 4.52 crores to make up: It is proposed to make up this deficit by taking a temporary loan from the Depreciation Fund of this amount. Despite this, owing to our curtailed programme of renewals, the Depreciation Fund will be increased by 66 lakhs and will stand at 14.58 crores at the end of the year. As I think I have said on a previous occasion, these estimates are prepared before the results of two of the heaviest traffic months of the year are known, but I am afraid I can hold out no hopes that during these months there will be any substantial improvement. The approximate results which we get week by week show no indication of this. The reasons for this heavy fall in our receipts are not far to seek. Many of the Honourable Members of this Council are connected with business and know far more about the reactions which the world trade depression has had on India than I do. I shall only quote a few figures to illustrate the position. The number of passengers carried this year has shown a decline of over 15 per cent. The total number of passenger miles has fallen by 14.7 per cent.—a sure indication that the people of India at the present moment have no money to spare for railway travelling. As regards goods traffic, the position is the same. Again I shall quote only a few figures. Up to the 2nd of January the Railways loaded eighty-three thousand fewer wagons with coal and coke, a decrease of 10 per cent.; twenty-six thousand and five hundred fewer with oilseeds, a decrease of 15 per cent.; twenty-two thousand five hundred less under cotton, a decrease of 23 per cent.; two hundred and twenty-nine thousand, or a decrease of 13 per cent., of miscellaneous full wagons, as compared with the loading for 1930-31, itself a year of abnormally low traffic.

6. Let me now turn for a moment to working expenses of commercial lines. These we place at 4.72 crores below last year, despite the fact that last year's figures were diminished by an arrear credit adjustment to the extent of 1.66 crores. The actual decrease is, therefore, 6.38 crores, of which about 58 lakhs has been obtained from the emergency deductions from pay which were introduced from January. The balance of 5½ crores represents the result of the endeavours made by Railways to reduce their working expenses. These results have been obtained despite the fact that Railways have endeavoured to prosecute the activities which were started in the more prosperous years. It has, of course, been necessary to slow down in certain directions but few of our activities have ceased altogether. Railways are like a machine which once having gained momentum can be kept going with the expenditure of very little fuel, whereas the stopping and starting up again requires a large expenditure of power and money. We have continued the progressive standardisation of railway equipment. We have continued our publicity policy, though on a modified scale, and we have not ignored the desire which has been expressed on many occasions by Honourable Members of this Council that the conditions under which our staff work should be improved. It is true that owing to the serious drop in railway earnings it has not been possible to launch fresh schemes for the improvement of the service conditions of the staff; nevertheless,

appreciable progress has been made with the schemes to which I referred last year, namely,

- (i) The introduction of the Hours of Employment Regulations ;
- (ii) Acceleration of payments of salaries and allowances ;
- (iii) Removal of the legitimate complaints in regard to the raising and recovery of debits ;
- (iv) Grant of assistance to Railway employees towards the education of their children ;
- (v) Relief of indebtedness ; and
- (vi) Introduction of staff benefit funds.

The Hours of Employment Regulations were given statutory force on the North Western and East Indian Railways with effect from 1st April 1931, and though it has been necessary, in view of the present financial outlook and on a consideration of the recommendation of the Railway Retrenchment Sub-Committee, to defer their introduction on the Company-managed Railways and on the Burma Railways, steps have been taken to introduce them on the Great Indian Peninsula and Eastern Bengal Railways with effect from the 1st April of this year.

7. The scheme for speeding up payments of salaries and allowances which was introduced last year on one of the Divisions of the East Indian Railway has been extended to the Howrah Division on the same Railway, while the Eastern Bengal Railway has quite recently introduced a system for the preparation and payment of wage bills so as to ensure that wages are, as a general rule, paid within 7 days of the period to which they relate.

8. The report of the Traffic Officer who was placed on special duty to enquire into the existing procedure on the East Indian Railway with regard to fines and debits imposed on the traffic staff was received in March 1931. After a discussion with a representative committee consisting of officers from all the principal railways in December 1931, orders giving effect to the decisions arrived at as a result of this discussion were issued to the State-managed Railways. The Company-managed Railways at the same time were informed of the orders issued to the State-managed Railways.

9. The Officer of the Education Department placed on special duty to frame an estimate of the cost of introducing new rules for the grant of assistance to railway employees towards the education of their children and to report on certain other outstanding questions, such as the standard of education up to which assistance should be given and other cognate matters, has completed his investigation on the Eastern Bengal Railway and is now carrying out a similar investigation on the East Indian, Great Indian Peninsula and North Western Railways. His final report is expected next month.

10. I mentioned last year that a new fund called "The Lower Paid Staff Loan Fund" had been created on the East Indian Railway with the object of advancing loans at reasonable rates of interest to the lower paid employees. It is now proposed to start a similar fund on the North Western Railway with effect from 1st April 1932.

11. The Staff Benefit Funds to which I also referred last year were introduced on the State-managed Railways from 1st April 1931.

12. The Railway Board have made a preliminary examination of the recommendations of the Royal Commission on Labour in India in so far as these affect railways and after discussion with the Agents of the principal railways have come to provisional conclusions on points of lesser importance. Further discussion of the remaining matters which concern railways will take place in April next, after which the final recommendations of the Railway Board will be submitted to the Government of India.

13. I think the Council will expect me to give in some detail the measures which have been taken to meet the situation created by the serious falling off in traffic with consequent reduction in earnings. I have already referred to the results of this year's working. Soon after the commencement of this financial year, I might say even before the commencement of the year, we saw that our anticipations of traffic were not likely to be fulfilled and that it would be necessary to take drastic steps to reduce the gap between receipts and expenditure. This could only be done in two ways, by decreasing our expenditure and increasing our receipts. I shall deal first with the efforts made to decrease expenditure. We have had several discussions with the administrations of our major railways. At these we have emphasised the absolute necessity of cutting down every item of expenditure to the absolute minimum, but at the same time stressing that any steps which were taken must not endanger the safety of the travelling public. An intensive economy campaign was inaugurated on every railway, each railway pooling its ideas with other railways. The result has been, as I have stated, a reduction of 5½ crores without allowing for any of the savings obtained from the temporary reduction in the emoluments of the railway staff. The main sources from which the saving has been obtained are reduction in the consumption of fuel and consumable stores, cutting down maintenance of station buildings and staff quarters to the absolute minimum, cutting down train mileage to absolute essentials, the abolition and holding in abeyance of a large number of superior posts. On State-managed Railways 169 posts have either been abolished or held in abeyance. On Company-managed Railways 24 posts have been abolished and 44 left unfilled. Compensatory allowances and special pay have been reduced or abolished. We feel that in a time of national emergency such as at present, it is quite fair to ask our officers and staff to do additional work without the additional remuneration which they might expect in more prosperous times. A large number of staff have been reduced, either by not filling vacancies or by actual discharges. Finally the emergency deduction in pay, which came into force from 1st January of this year, is expected in a full year to save 2.38 crores.

14. Before leaving this subject I should like to acknowledge our indebtedness to the Railway Sub-Committee of the Retrenchment Advisory Committee. When the Committee started work retrenchment was in full swing and all Railways and the Railway Board continued independent investigations into the possibilities of further economy while the Committee was at work. This, however, did not deter the Sub-Committee who went into the whole question with great thoroughness within the limited time at their disposal. Their recommendations have received our very careful consideration, and from the budget papers, which will be circulated to Honourable Members, it will be seen that in the great majority of cases their recommendations have been adopted with little or slight modification. In some cases it has been found possible to go beyond the recommendations of the Committee. In other cases, of course, it has not been considered advisable to go quite so far. In one very important matter—that of cuts in pay of railway staff—we have, while obtaining a larger

reduction, not adopted the method recommended by the Committee, though we have as recommended by them applied the cut to all staff. The concluding recommendation of the Committee was the appointment of a small Committee, mainly composed of financial and railway experts, to undertake a full enquiry into the detailed working of the various departments of Railway Administrations. Immediately after the report was received the Government of India made every endeavour to obtain suitable personnel for such a Committee with the intention of carrying out the enquiry this cold weather. It is to be regretted that owing to the urgent preoccupations of the leading railway and financial experts in the present very difficult times, the efforts made to get together a suitable Committee were unsuccessful, and it has been necessary to postpone the constitution of the Committee until next year.

15. On more than one occasion the presentation of the Railway Budget has been referred to in another place as the annual meeting of the shareholders of the State Railways of India, and while shareholders look to their Board of Directors for a report showing how their property is being managed Honourable Members, in their capacity as representatives of the general public, are also undoubtedly interested in the charges the public have to pay when using the railway. In a year of falling revenues, when rigid economy and severe measures of retrenchment have been forced on railways, other measures which will have the effect of increasing revenue have also to be considered. Here we come up against two schools of thought ; one suggesting reduced rates and fares as providing an incentive to traffic, the other considering an enhancement in rates and fares as being a more satisfactory expedient. When I last addressed this Council, I said that I was in the unhappy position of having to announce that it would be necessary to increase certain of our rates. I, however, gave this House an assurance that any changes we made would be done with due regard to the trade of the country and said that care would be taken not to impose rates which would press too hardly on any particular section of the community. I think we may reasonably claim that this assurance has not been disregarded, in so far that such alterations as have been made in our rates and fares within the last twelve months have been fairly and evenly distributed so as to make their incidence felt as lightly as was possible in the circumstances. Honourable Members are no doubt aware of the enhancements that have been made, and I propose, therefore, to refer only to the more important of these, so as to give this House some idea of the additional revenue, we believe, we will get as a result of the action taken. The increase in passenger fares on most of the principal railways was estimated to give us about 109 lakhs more in a normal year ; on luggage and parcels, the rates were put up by about 15 per cent. giving us increased revenue approximating to 62 lakhs ; and in the case of coal we hope to get 60 lakhs by the surcharge of 15 per cent. which had effect from 15th January last. From certain other minor changes which individual railways considered it was possible to make in the scale of terminal charges, in the freight rates on petrol, jaggree, sugar and a few other comparatively unimportant commodities, and by the withdrawal or modification of some concession rates, the additional revenue anticipated approximates in a full year to 105 lakhs. In considering the desirability or otherwise of these enhancements, we have not been unmindful of the obligation that rests on Railways to do nothing that would impede the free movement of traffic, but, on the contrary, to assist whenever an opportunity offers by reducing rates to secure traffic that is not likely otherwise to move. To illustrate this point, I may refer to the substantial reduction in the freight rates on wheat and wheat flour made by the North Western Railway Administration in May last year, when it was

found that the parity of wheat prices in India was considerably above the point at which export was possible, and export was desirable in order to reduce the large surplus of wheat in the country which tended to keep prices down at a level that was proving unremunerative to the grower. In the event, the reduction made proved of no avail, as world prices slumped substantially and Indian wheat prices continued to be above world parity. Although over 250 thousand tons were carried to Karachi during the period the reduced rates were in operation, export overseas was negligible; and the only practical effect of the reduction was to divert to the sea route for shipment to Indian ports traffic which would normally have been carried by railway at the ordinary rates. On the assumption that the quantity railed into Karachi would have moved to that port in any case, the reduction in railway freights led to a loss of revenue estimated at about sixteen lakhs. Incidentally, this instance seems to indicate that the suggestion that lower freight rates will bring increased revenue for railways must be subject to certain important qualifications, not the least of which is that unless the margin available for a reduction to facilitate movements is substantial, any reduction made is a needless sacrifice of revenue to be deprecated at all times and particularly now when, owing to a world wide depression in trade and other causes, the financial position of railways is not such as to justify experiments in freight reductions. I think also that the general indications are that, taken as a whole, railway rates are not on the high side, and their incidence on the free movement of traffic is not very appreciable. Having said this, I should like to assure Honourable Members that these views are not a prelude to any contemplated action for a further enhancement in rates and fares, although we would be unmindful of our obligations for the solvency of the railway system of this country, if we neglected to take any opportunity that may present itself of adjusting rates and fares to obtain increased revenue either by reductions when these are proved to be necessary or by enhancements where such action appears to be indicated.

16. I have now to assume the role of a prophet and endeavour to make a forecast of our receipts and expenditure for 1932-33. Like most prophets I am skating on very thin ice and am almost certain to fall through the ice and be drowned. It is quite impossible to say whether we have reached the trough of the wave of depression. All we can say is that we are very far off the crest of a wave of prosperity. I do not think it is safe to assume that there will be any increase in the volume of traffic over that of the present financial year, and the only increase which we can expect in our receipts will be from the increases in rates and fares which we have introduced this year. On this assumption we estimate our gross traffic receipts from commercial lines at 86.57 crores as compared with our revised estimate of 85.55 crores for this financial year. In estimating our working expenses we are on slightly safer grounds. We know what railways have already done. We place these at 60.81 crores against 62.69 crores our revised budget estimate for this year. Both these figures include our contribution to the Depreciation Fund. Of this reduction of 188 lakhs we get about 1½ crores from the emergency cut in pay after paying 22 lakhs to the Income-tax Department; so excluding this we expect to bring down our working expenses by another 38 lakhs. Honourable Members may not think this is a very great achievement, but I would explain that the surcharge on coal freights affects our working expenses to the extent of 37 lakhs. This, of course, also appears on the receipt side. Further, 25 lakhs additional has to be found for the Depreciation Fund, and finally increments in pay of staff and staff required on new lines will amount to about half a crore. After allowing for the abnormal gratuity payments this year, we may say that our Budget provides

for a decrease of $1\frac{1}{2}$ crores over the reduction on this year's working of about 6 crores. It may be possible by further economies to increase this figure and we will continue to explore any avenue of economy, but I am sure the Council will realise that indiscriminate economies in working may very well result in a loss in that they may be reflected in a larger reduction in receipts.

17. It remains now for me to give an account of our expenditure under Capital and Depreciation Fund for the current year and to place before the Council our programme for the ensuing year. In presenting the programme of works for 1931-32 I estimated that our total expenditure would amount to 21.70 crores, or allowing for a reduction in stores balances of 2 crores, a net cash expenditure of 19.70 crores. By the exercise of the most rigid economy and cutting down all but absolutely essential works it has been found possible to reduce this figure to 16.60 crores, despite the fact that we have opened or hope to open 406 miles of new railways this financial year. The more important of these are the—

Chittagong-Dohazari	25 miles.
Raipur-Parvatipuram, a section of the Raipur-Vizianagram line thus completing the line from Raipur to Vizianagram	74 miles.
Kalukhali-Bhateapara	53 miles.
Dharwa-Pusad	43 miles.
Sind Left Bank Feeder Railways	120 miles.
Chinnasalem-Vridhachalam	32 miles.
and the Pollachi-Palghat	33 miles.

18. Our activities in open line works, as was only to be expected, have not been very spectacular; we have concentrated on keeping our track, bridges and rolling stock up to the requisite standard.

19. Our programme for 1932-33 has been still further curtailed and we have only been able to provide $9\frac{3}{4}$ crores, after allowing for a further reduction in stores balances of $1\frac{1}{2}$ crores. An allotment of 101 lakhs will practically complete all new lines under construction, or a total of 173 miles. The remainder will be spent, as was done last year, on essential open line works. None of these are of great magnitude, but I may mention 3 of them—the Gorai Bridge on the Eastern Bengal Railway, the Barakar Bridge on the East Indian Railway and the Betwa Bridge on the Great Indian Peninsula Railway. None of these works, in the interests of safety and also of economy, could be postponed longer. Our expenditure on rolling stock will be limited to $1\frac{3}{4}$ crores.

20. I trust that my review of the situation and the figures which I have placed before the Council will not lead to a spirit of too great pessimism as regards the future of Indian Railways. India, like all other great countries throughout the world, is passing through troublous times and it was not to be expected that the Railways would escape, but I for one feel confident that when better times do return the Railways will be the first to feel the effect. Lessons learnt during this period of economy and retrenchment will bear fruit and lead to all the greater prosperity. The Council may rest assured that the Railways will be in a position to meet all the needs of traffic when this reaches its normal level once again.

21. As is customary, in concluding my Budget speech I wish to bring to the notice of the Council the valuable services which the Agents, officers and staff of all railways throughout India have rendered to the country during the past year; this has been a particularly trying one; not only have the emoluments of the staff been subjected to reduction but their immediate prospects have been seriously affected by the economy campaign, through the abolition of many of the higher paid posts, both for officers and subordinates. There are several officers who in normal times might reasonably have expected by now to have reached the administrative ranks with the higher pay these carry, but who have had to be content with the lower ranks and lower pay. Much the same applies to subordinates. Several of the plums of their services have been taken away. No man can face a reduction in his salary and prospects with equanimity, but I think I can safely say that unpalatable as these measures have been, they have been accepted by practically all ranks as inevitable and all are cheerfully carrying out their work as before, with the same keenness in their search for every possible economy and with the same desire to do all in their power to restore prosperity to Indian Railways. I am glad of the opportunity which my presence here gives me of publicly expressing to the Agents and to all those serving under them the gratitude of the Railway Board for their whole-hearted co-operation in what is their and our common aim.

BUDGET FOR 1932-33.

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Schedule of demands for grants for expenditure of the Central Government on Railways for the year 1932-33 submitted for the vote of the Legislative Assembly.

Number of Demand.	Service to which demand relates.	Amount.
	EXPENDITURE CHARGED TO REVENUE.	Rs.
	<i>Commercial Railways.</i>	
1	Railway Board	7,75,000
2	Inspection	70,000
3	Audit	12,00,000
4	Working Expenses : Administration	9,97,00,000
5	Working Expenses : Repairs and maintenance and Operation .	36,76,00,000
6	Companies' and Indian States' share of surplus profits and net earnings.	80,00,000
9	Appropriation to Depreciation Fund	13,25,00,000
11	Miscellaneous Expenditure	6,50,000
12	Appropriation to the Reserve Fund	..
	<i>Strategic Railways.</i>	
14	Working Expenses (including Appropriation to Depreciation Fund and Miscellaneous Expenditure).	1,85,00,000
	EXPENDITURE CHARGED TO CAPITAL.	
	<i>Commercial Railways.</i>	
7	New Construction	1,00,60,000
8	Open Line Works	3,05,50,000
	<i>Strategic Railways.</i>	
15	New construction and Open Line Works	8,00,000
	OTHER EXPENDITURE.	
10	Appropriation from Depreciation Fund	13,18,79,000
	<i>(Commercial and Strategic.)</i>	
13	Appropriation from the Reserve Fund	..

BUDGET*

of the

Railway Revenue and Expenditure of the Governor-General in Council, March 1932.

RAILWAY DEPARTMENT;
New Delhi, the 5th March 1932.

A. A. L. PARSONS,
Financial Commissioner of Railways.

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* Published with Government of India, Finance Department, Resolution No. 4458-B, dated the 29th March, 1932.

BUDGET FOR 1932-33.

1.—Statement of the Revenue of the Central

HEADS OF REVENUE.	ACCOUNTS, 1930-31.				REVISED ESTIMATE,	
	India.	England.	Exchange.	TOTAL.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
XI.—State Railways—						
(a) Commercial lines—						
Gross receipts—						
Passenger traffic earnings—						
Upper class . . .	3,81,78,000	...	...	3,81,78,000	3,35,00,000	...
Third class . . .	27,36,62,546	...	...	27,36,62,546	25,15,00,000	...
Other coaching traffic earnings.	5,28,59,801	...	...	5,28,59,801	5,00,00,000	...
Goods traffic earnings .	59,83,69,356	...	...	59,83,69,356	55,00,00,000	...
Sundry earnings . . .	1,68,84,855	6,43,141	7,347	1,95,36,243	1,63,53,000	6,43,000
Credits for materials released from works chargeable to the Depreciation Fund.	...	...	...	...	...	...
TOTAL EARNINGS .	98,10,54,458	6,43,141	7,347	98,26,04,946	90,13,53,000	6,43,000
Deduct— { Refunds of Revenue collected.	11,38,335	...	...	11,38,335	12,00,000	...
{ Earnings of worked lines.	4,98,75,440	...	...	4,98,75,440	4,65,00,000	...
Earnings of State Railways.	93,09,40,683	6,43,141	7,347	93,16,91,171	85,36,53,000	6,43,000
Response . . .	48,25,494	...	...	48,25,494	...	...
Gross receipts of State Railways.	93,55,08,177	6,43,141	7,347	93,62,16,005	85,36,53,000	6,43,000
Deduct—Working expenses of State Railways.*	64,78,37,250	52,84,206	67,401	65,26,88,857	60,37,05,000	53,58,000
Surplus profits paid to Indian States and railway companies.	1,16,89,532	...	...	1,16,89,532	82,75,000	...
Net receipts . . .	27,65,99,395	—46,41,005	—60,054	27,18,98,276	24,16,73,000	—47,15,000
(b) Strategic lines—						
Gross receipts . . .	1,47,60,130	...	...	1,47,60,130	1,32,10,000	...
Deduct—Refunds of Revenue collected.	10,563	...	...	10,563	10,000	...
Working expenses . . .	2,18,57,335	609	3	2,18,57,947	1,92,00,000	...
Net receipts . . .	—71,07,768	—609	—3	—71,08,380	—60,00,000	...
Total net receipts, Commercial and Strategic lines.	26,94,91,627	—46,41,074	—60,057	26,47,50,596	23,56,73,000	—47,15,000
XII.—Subsidized Companies—						
Government share of surplus profits, etc.	16,87,677	8,44,502	3,794	20,36,173	18,11,000	89,000
XII-A—Miscellaneous Railway Receipts—						
(a) Commercial lines—						
Interest on Depreciation and Reserve Fund balances.	1,26,86,183	...	...	1,26,86,183	90,15,000	...
Dividend on investments in branch lines and other Miscellaneous Receipts.	20,91,701	...	...	20,91,701	15,50,000	...
(b) Strategic lines—						
Interest on Depreciation Fund balances.	5,31,973	...	...	5,31,973	5,53,000	...
TOTAL RECEIPTS .	28,64,89,360	—42,97,172	—56,263	28,21,35,925	24,66,02,000	—46,27,000
XII-B.—Transfers from Railway Reserve Fund.	10,92,35,160	...	...	10,92,35,160	4,95,06,000	...
XII-C.—Withdrawal of sums deposited on account of the Railway Depreciation Fund.	...	...	...	...	4,52,02,000	...
TOTAL .	39,57,24,520	—42,97,172	—56,263	39,13,71,085	34,33,10,000	—46,27,000

* For details see statement 1(a).

BUDGET FOR 1932-33.

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Government from Railways in India and England.

1931-32.			BUDGET ESTIMATE, 1932-33.				Increase (+) Decrease (-) as compared with Revised, 1931-32.
Exchange.	Total.	Increase (+) Decrease (-) as compared with Budget, 1931-32.	India.	England.	Exchange.	Total.	
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
...	3,35,00,000	-73,00,000	3,40,00,000	...	...	3,41,00,000	+5,00,000
...	25,15,00,000	-5,17,00,000	25,45,00,000	...	...	25,45,00,000	+30,00,000
...	5,00,00,000	-73,00,000	5,00,00,000	...	...	5,00,00,000	...
...	55,00,00,000	-7,88,00,000	55,75,00,000	...	...	55,75,00,000	+75,00,000
4,000	1,70,00,000	-15,00,000	1,68,57,000	6,43,000	...	1,70,00,000	...
...	...	...	1,20,00,000	...	...	1,20,00,000	+1,20,00,000
4,000	90,20,00,000	-14,60,00,000	92,43,57,000	6,43,000	...	92,50,00,000	+2,30,00,000
...	12,00,000	-3,00,000	12,00,000	...	...	12,00,000	...
...	4,65,00,000	-58,00,000	4,73,00,000	...	...	4,73,00,000	+8,00,000
4,000	85,48,00,000	-14,67,00,000	87,53,57,000	6,43,000	...	87,65,00,000	+3,22,00,000
...	...	...	...	...	...	...	...
4,000	85,43,00,000	-14,07,00,000	87,53,57,000	6,43,000	...	87,65,00,000	+3,22,00,000
37,000	60,91,00,000	-8,49,00,000	60,28,80,000	52,01,000	...	60,81,00,000	-10,00,000
...	82,75,000	+7,75,000	80,00,000	...	...	80,00,000	-2,75,000
-33,000	23,69,25,000	-10,65,75,000	20,49,58,000	-45,58,000	...	20,04,00,000	+2,34,75,000
...	1,32,10,000	-18,00,000	1,35,10,000	...	...	1,35,10,000	+3,00,000
...	10,000	...	10,000	...	...	10,000	...
...	1,32,00,000	-11,00,000	1,39,00,000	...	...	1,39,00,000	-8,00,000
...	-60,00,000	-7,00,000	-54,00,000	...	...	-54,00,000	+6,00,000
-33,000	23,09,25,000	-10,72,75,000	25,95,58,000	-45,58,000	...	25,50,00,000	+2,40,75,000
1,000	19,00,000	+1,00,000	17,43,000	57,000	...	18,00,000	-1,00,000
...	90,15,000	-27,64,000	60,65,000	...	...	60,65,000	-9,50,000
...	15,50,000	-50,000	6,50,000	...	...	6,50,000	-9,00,000
...	5,53,000	-1,03,000	4,50,000	...	...	4,50,000	-1,03,000
-33,000	24,39,43,000	-11,00,92,000	27,04,66,000	-45,01,000	...	26,50,65,000	+2,20,22,000
...	4,95,06,000	+81,39,000	...	...	...	...	-4,95,06,000
...	4,53,03,000	+4,52,03,000	7,53,79,000	...	...	7,53,79,000	+3,06,77,000
-32,000	33,36,51,000	-5,67,51,000	34,63,45,000	-45,01,000	...	34,18,44,000	+31,93,000

1(a).—Statement of Working Expenses

Fields of working expenses.	ACCOUNTS 1930-31.				REVISED ESTIMATE	
	India.	England.	Exchange.	TOTAL.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Administration	14,01,35,327	48,84,206	62,124	14,50,81,657	13,80,05,000	48,72,000
Repairs and maintenance	15,25,01,530	...	...	15,25,01,530	13,53,00,000	...
Operation	25,45,81,624	4,00,000	5,277	25,49,86,901	22,65,74,000	5,32,000
Depreciation	12,84,37,829	...	...	12,84,37,829	13,00,00,000	...
Expense	2,59,558	...	...	2,59,558	19,50,000	...
Emergency deductions from pay	...	...	...	...	—77,14,000	—36,000
Payment to Income-tax Department in respect of Railway staff exempted from surcharge.	...	...	...	...	...	...
TOTAL	67,80,15,608	52,84,206	67,401	67,92,67,475	62,72,05,000	53,58,000
Deduct—Share of Worked Lines.	2,65,76,618	...	...	2,65,76,618	2,65,00,000	...
Working Expenses	64,73,37,250	52,84,206	67,401	65,20,88,857	60,37,05,000	53,58,000

BUDGET FOR 1932-33.

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of State Railways—Commercial Lines.

1931-32.			BUDGET ESTIMATE, 1932-33.				Increase (+) Decrease (—) as compared with Revised, 1931-32.
Exchange.	TOTAL.	Increase (+) Decrease (—) as compared with Budget, 1931-32.	India.	England.	Exchange.	TOTAL.	
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
33,000	14,30,00,000	+ 30,00,000	11,69,05,000	48,95,000	...	12,18,00,000	—2,12,00,000
...	13,58,00,000	—1,69,00,000	15,24,00,000	...	...	15,24,00,000	+1,71,00,000
4,000	23,01,00,000	—1,87,00,000	24,56,88,000	5,12,000	...	24,62,00,000	+1,61,00,000
...	13,00,00,000	...	13,25,00,000	...	...	13,25,00,000	+ 25,00,000
...	19,50,000	+ 19,50,000	...	...	...	...	—19,50,000
...	—77,50,000	—77,50,000	—2,27,94,000	—2,06,000	...	—2,30,00,000	—1,52,50,000
...	...	...	22,00,000	...	...	22,00,000	+ 22,00,000
37,000	63,26,00,000	—3,84,00,000	62,68,99,000	52,01,000	...	63,21,00,000	—5,00,000
...	2,35,00,000	—35,00,000	2,40,00,000	...	...	2,40,00,000	+ 5,00,000
37,000	60,81,00,000	—3,49,00,000	60,28,99,000	52,01,000	...	60,81,00,000	—10,00,000

BUDGET FOR 1932-33.

2.—Statement of the expenditure on Railways charged to

HEADS OF EXPENDITURE.	ACCOUNTS, 1930-31.				REVISED ESTIMATE.	
	India.	England.	Exchange.	TOTAL.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
10. State Railways:—						
(a) Commercial lines—						
Interest—						
on Government capital at charge .	18,20,68,826	11,52,21,678	14,14,895	29,87,05,369	18,83,39,000	11,52,83,000
on capital contributed by Indian States and Companies.	4,19,188	1,31,71,237	1,68,306	1,37,58,731	4,20,000	1,32,77,000
Total interest, commercial lines .	18,24,88,014	12,83,92,915	15,83,191	31,24,04,120	18,87,59,000	12,83,60,000
(b) Strategic lines—						
Interest on capital at charge .	1,46,91,014	...	...	1,46,91,014	1,47,92,000	...
TOTAL INTEREST	19,71,79,028	12,83,92,915	15,83,191	32,71,55,134	20,35,51,000	12,83,60,000
11. Subsidized Companies—						
Land and subsidy	5,90,392	...	...	5,90,392	8,20,000	...
12. Miscellaneous Railway expenditure—						
Commercial lines	43,87,805	17,88,056	33,182	61,99,043	36,12,000	13,69,000
Strategic lines	69,184	...	...	69,184	32,000	...
Payments to general revenues—						
Contribution	5,73,57,332	...	...	5,73,57,332	...	...
12A—Surplus Railway Revenue transferred to Railway Reserve Fund.	...	...	...	...	...	...
TOTAL	25,95,68,741	13,01,80,971	16,00,373	39,13,71,085	20,90,15,000	12,97,29,000

BUDGET FOR 1932-33.

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the Revenue of the Central Government in India and in England.

1931-32.			BUDGET ESTIMATE, 1932-33.				
Exchange.	TOTAL.	Increase (+) Decrease (-) as compared with Budget, 1931-32.	India.	England.	Exchange.	TOTAL.	Increase (+) Decrease (-) as compared with Revised 1931-32.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
8,05,000	30,43,27,000	-30,49,000	19,27,86,000	11,57,20,000	...	30,84,86,000	+42,59,000
93,000	1,37,90,000	+1,98,009	4,20,000	1,34,01,000	...	1,38,31,000	+31,000
8,98,000	31,80,17,000	-28,51,000	19,31,86,000	12,91,31,000	...	32,23,07,000	+42,90,000
...	1,47,92,000	-60,000	1,48,57,000	...	...	1,48,57,000	+65,000
6,98,000	33,28,09,000	-29,11,000	20,80,43,000	12,91,31,000	...	33,71,61,000	+43,55,000
...	8,30,000	+1,30,000	7,00,000	...	...	7,00,000	-1,30,000
9,000	49,90,000	-3,50,000	36,34,000	13,06,000	...	39,40,000	-10,50,000
...	32,000	-8,000	40,000	...	...	40,000	+8,000
...	...	-5,36,02,000	...	...	...	...	...
...	...	...	...	...	...	...	...
9,07,000	33,86,51,000	-5,67,51,000	21,14,17,000	13,04,27,000	...	34,18,44,000	+31,93,000

BUDGET FOR 1932-33.

2(a).—Contribution from Railway to General Revenues, 1931-32.

(Based on actuals, 1929-30.)

	Rs.	Ra.
1. 1 per cent. on capital of 7,23,54,27,822 at charge, commercial lines		7,23,54,278
2. (i) Receipts—Commercial lines—		
Gross traffic receipts	1,01,11,46,955	
Subsidised Companies, share of surplus profits	58,70,738	
Interest on Depreciation and Reserve Fund balances	1,24,57,407	
Dividend on investments in branch lines and other miscellaneous receipts	21,46,398	
(ii) Charges—Commercial lines—		1,03,16,21,498
Working expenses	60,09,10,125	
Indian States and Railway Companies' share of surplus profits	1,51,97,708	
Interest—		
On capital at charge	27,09,02,346	
On capital contributed by Indian States and Companies	1,36,94,043	
Land and subsidy	4,38,199	
Miscellaneous railway expenditure	53,61,958	
Contribution at 1 per cent. on capital at charge	7,23,54,278	1,04,48,50,650
(iii) Deficit	...	1,32,38,161
(iv) Contribution of one-fifth of surplus	...	...
3. (i) Total contribution from railway revenues [1 plus 2 (iv)]	...	7,23,54,278
Deduct—Loss on strategic lines borne by railway revenues—		
(i) Interest on capital	1,40,09,373	
(ii) Loss in working	47,42,587	
		1,87,51,860
(ii) Net payment due from railway to general revenues in 1931-32	...	5,36,02,418

BUDGET FOR 1932-33.

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2(a).—Contribution from Railway to General Revenues, 1932-33.

(Based on actuals, 1930-31.)

	Rs.	Rs.
1. 1 per cent. on capital of 7,35,94,80,937 at charge, commercial lines		7,35,94,809
3. (i) Receipts—Commercial Lines—		
Gross traffic receipts	93,62,16,665	
Subsidised Companies' share of surplus profits	20,36,173	
Interest on Depreciation and Reserve Fund balances	1,26,86,183	
Dividend on investments in branch lines and other miscellaneous receipts	20,01,701	
(ii) Charges—Commercial Lines—		95,30,30,733
Working expenses	65,26,88,857	
Indian States and Railway Companies' share of surplus profits	1,16,30,532	
Interest—		
On capital at charge	29,87,05,389	
On capital contributed by Indian States and Companies	1,37,58,731	
Land and subsidy	5,90,392	
Miscellaneous railway expenditure	61,98,043	
Contribution at 1 per cent. on capital at charge	7,35,94,809	
(iii) Deficit		1,65,71,66,843
(iv) Contribution of one-fifth of surplus		10,41,36,131
3. (i) Total contribution from railway revenues [1 plus 2 (iv)]		7,35,94,899
Deduct—Loss on strategic lines borne by railway revenues—		
(i) Interest on capital	1,46,01,014	
(ii) Loss in working	66,45,593	
(ii) Net payment due from railway to general revenues in 1932-33	...	2,13,36,606
		5,32,58,293

BUDGET FOR 1932-33

3.—Statement of receipts of the Central Government in India and England for State

HEADS OF ACCOUNT.	ACCOUNTS, 1930-31.				REVISED ESTIMATE.	
	India.	England.	Exchange.	TOTAL.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
XLI.—Capital contributed by Railway Companies and Indian States towards outlay on State Railways	...	...	...	...	...	...

BUDGET FOR 1932-33.

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Capital Contributed by Railway Companies and Indian States towards Outlay on Railways.

[illegible]

BUDGET FOR 1932-33.

4.—Statement of the Capital Expenditure of the

HEADS OF EXPENDITURE.	ACCOUNTS, 1930-31.				REVISED ESTIMATE,	
	India.	England.	Exchange.	TOTAL.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Railway Capital not charged to Revenue:—						
53.—Construction of State Railways:—						
(a) Commercial Lines—						
Open Line Works—						
Rolling Stock				3,37,15,000		
Other Works				7,34,61,452		
New Construction . . .				4,37,62,000		
Suspense				—1,89,97,000		
Purchase of Railways and branch line shares . . .				1,00,000		
Emergency deductions from pay.				...		
TOTAL	7,23,29,804	5,70,88,166	7,33,492	13,00,41,462	5,48,11,000	2,70,00,000
(b) Strategic Lines—						
Open Line Works—						
Rolling Stock				9,31,000		
Other Works				11,38,807		
New Construction . . .				—14,000		
Emergency deductions from pay.				...		
TOTAL	20,45,607			20,45,607	16,00,000	...
TOTAL COMMERCIAL AND STRATEGIC LINES	7,42,75,611	5,70,88,166	7,23,492	13,20,87,259	5,63,11,000	2,70,00,000
53-C.—Discharge of Debentures . . .	...				...	...

BUDGET FOR 1932-33.

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Central Government in India and England on Railways.

1931-32.			BUDGET ESTIMATE, 1932-33.				
Exchange.	TOTAL.	Increase (+) Decrease (—) as compared with Budget, 1931-32.	India.	England.	Exchange.	TOTAL.	Increase (+) Decrease (—) as compared with Revised, 1931-32.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
	2,41,50,000	—46,90,000				70,25,000	—1,65,25,000
	5,12,00,000	—2,38,60,000				3,85,00,000	—1,27,00,000
	2,70,25,000	—18,75,000				1,01,50,000	—1,68,75,000
	—2,01,75,000	—1,75,000				—1,51,00,000	+50,75,000
	...	...				...	...
	—2,00,000	—2,00,000	...	...	...	—4,75,000	—2,75,000
1,89,000	8,20,00,000	—3,08,00,000	2,57,00,000	1,50,00,000	...	4,07,00,000	—4,18,00,000
	4,00,000	—25,000				25,000	—3,75,000
	10,00,000	—1,61,000				8,00,000	—2,00,000
	1,00,000	—14,000				...	—1,00,000
	...	...				—25,000	—25,000
...	15,00,000	—2,00,000	8,00,000	...	...	8,00,000	—7,00,000
1,89,000	8,35,00,000	—3,10,00,000	2,65,00,000	1,50,00,000	...	4,15,00,000	—4,20,00,000
...	...	...	...	...	...	...	...

BUDGET FOR 1932-33.

A.—Railway Depreciation Fund

	Accounts, 1930-31.	Budget Estimate, 1931-32.	Revised Estimate, 1931-32.	Budget Estimate, 1932-33.		Accounts, 1930-31.	Budget Estimate, 1931-32.	Revised Estimate, 1931-32.	Budget Estimate, 1932-33.
	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.
Opening balance.	12,24,20,420	16,29,20,420	13,91,73,358	14,57,71,358	Appropriation from Depreciation Fund.	11,89,59,065	8,25,00,000	12,77,02,000	13,18,79,000
Appropriation to Depreciation Fund.	13,07,12,003	13,43,00,000	13,43,00,000	13,70,00,000	Closing balance.	13,91,73,358	21,47,20,420	14,57,71,358	15,08,93,853
TOTAL	25,31,32,423	29,72,20,420	27,34,73,358	28,27,71,358	TOTAL	25,31,32,423	29,72,20,420	27,34,73,358	28,27,71,353

BUDGET FOR 1932-33.

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B.—Railway Reserve Fund.

	Accounts, 1930-31.	Budget Estimate, 1931-32.	Revised Estimate, 1931-32.	Budget Estimate, 1932-33.		Accounts, 1930-31.	Budget Estimate, 1931-32.	Revised Estimate, 1931-32.	Budget Estimate, 1932-33.
	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.
Opening balance.	16,34,32,274	5,48,23,274	5,41,87,114	46,81,114	Appropriation from Re- serve Fund.	10,92,35,160	4,13,67,000	4,95,06,000	...
Appropriation to Reserve Fund.	...	...	...	...	Closing Balance.	5,41,87,114	1,34,56,274	46,81,114	46,81,114
TOTAL	16,34,32,274	5,48,23,274	5,41,87,114	46,81,114	TOTAL	16,34,32,274	5,48,23,274	5,41,87,114	46,81,114

Explanatory Memorandum of the Railway Budget for 1932-33.

1930-31.

Commercial and Strategic Lines together.

In February last, when presenting the budget estimates for 1931-32, we anticipated that the results of working of railways in 1930-31 would be a loss of 5·12 crores (2·93 crores on commercial lines and 2·19 crores on strategic lines). In order, therefore, to pay our contribution of 5·74 crores we thought we should have to withdraw 10·86 crores from our reserve. The actual results were not very different: our total loss was 6 lakhs more and we withdrew 10·92 crores from the reserve, leaving a balance of 5·42 crores at the end of the year.

It should be added, however, that while the actual receipts were very near anticipations, the difference being only 5 lakhs, our working expenses were nearly a crore higher than we expected, and it was only because the excess was almost wholly counterbalanced by an increase in the arrear adjustments with the depreciation fund, referred to in paragraph 7 of our memorandum last year, that the net result showed our total loss as only 6 lakhs higher than we had anticipated.

The expenditure from the depreciation fund (11·40 crores) was nearly 2½ crores more than was anticipated. This was partly due to the adjustments referred to above. The balance at the credit of the Fund at the end of the year was 13·92 crores.

1931-32.

A.—Commercial Lines.

2. In framing our budget for 1931-32 about a year ago, we allowed for a modest improvement in traffic over what we thought were the abnormally low figures of 1930-31, and for increased receipts from alterations of rates and fares already given effect to or under investigation at the time. We also allowed for a large reduction of expenditure as a result of the economy measures which railway administrations had already started. The reduction has exceeded our expectations, for excluding the emergency deductions from pay, our working expenses are likely to be lower by nearly 3 crores than we budgeted for: but on the other hand, the general economic depression in the country and abroad has been so severe and our traffic receipts have fallen so heavily that, instead of getting a small gain from commercial lines as we had hoped, we now expect a loss during the current year still heavier than in the last.

BUDGET FOR 1932-33.

The statement below compares the principal figures of the revised estimate for 1931-32 with the budget estimate and the actual expenditure during 1930-31.

(Figures in lakhs of rupees.)

Particulars.	Accounts, 1930-31.	1931-32.	
		Budget.	Revised.
Gross traffic receipts	93,73	99,65	85,55
Deduct—Refunds of revenue	11	15	12
Total	93,62	99,50	85,43
Government share of profit, etc., from subsidised companies.	20	18	19
Interest on Depreciation and Reserve Fund balances .	1,27	1,18	90
Dividends on investment in branch lines and other miscellaneous receipts.	21	16	16
Total Receipts	95,30	1,01,02	86,68
Working expenses (including depreciation)	65,27	64,40	69,91
Surplus profits paid to Indian States and Railway Companies.	1,16	75	83
Interest charges	31,25	32,09	31,80
Miscellaneous charges	68	60	58
Total Charges	98,36	97,84	94,12
Gain from Commercial lines	—3,06	3,18	—7,44

3. We have at various times during the year introduced enhancements both in passenger fares and in goods rates wherever it seemed likely that it would increase earnings to do so ; but notwithstanding all these measures to improve revenue, our receipts have fallen to a lower level than in any year since 1922-23. Instead of being 6 crores more than last year as we had hoped, our gross traffic receipts

will, so far as we can see at present, be about 8 crores less. Both passenger and goods earnings are expected to be over 8 per cent. below last year's level. The details of our estimates are as follows :

(Figures in lakhs of rupees.)

Particulars.	Actuals, 1930-31.	1931-32.	
		Budget.	Revised.
Passenger earnings	31.18	34.40	28.50
Other coaching traffic earnings	5.29	5.73	5.00
Goods earnings	59.84	62.88	55.00
Other earnings	1.95	1.85	1.70
Total .	98.26	1,04.86	90.20
<i>Deduct—</i>			
Refunds of revenue	11	15	12
Worked lines	4.99	5.21	4.65
Suspense	46	..	..
Net Total .	93.62	99.50	85.43

4. It is now expected that passenger earnings will be $2\frac{3}{4}$ crores (or $8\frac{1}{2}$ per cent.) below last year in spite of enhancements in fares during the year estimated to give us an additional $1\frac{1}{2}$ crores in a full year. The number of passengers carried in the first seven months of the year has fallen from 344 million to 292 million, a decline of over 15 per cent. The total number of passenger miles has fallen from 11,887 million to 10,135 million, a decrease of 14.7 per cent. and the average lead is only slightly better than last year—34.71 miles against 34.54 miles. We expect a fall in our other coaching traffic earnings of 29 lakhs (nearly 6 per cent.) though, since May last, our luggage and parcels rates have been enhanced by 15 per cent. and are now at a level not appreciably different from that in force before the reduction three years ago.

5. The fall in our goods earnings is at present expected to be as severe. Our present anticipations are that we shall lose nearly 5 crores as compared with last year and 8 crores as compared with our budget estimates. In the first seven months of the year the number of tons carried fell by 8.8 million, a decrease of just over 15 per cent. Here again, there was a slight increase in the average lead from 191.9 miles to 194.4 miles and the decrease in ton miles was only 14 per cent., the actual figure being 9,605 million against 11,178 million last year.

The traffic carried has throughout been considerably lower this year than last, and there has been a large decrease in the number of wagons loaded. Up to the 2nd of January, we loaded 83,000 fewer wagons under coal and coke, a decrease of 10 per cent.; 26,500 fewer under oilseeds, a decrease of 15 per cent.; and 22,500 less under cotton, a decrease of 23 per cent. The loading of miscellaneous full wagons shows a fall of 229,000 or 13 per cent. as compared with last year, and though the percentage decline under miscellaneous 'small's' is comparatively small, being 3 per cent. the decrease in the number of wagons loaded is 32,000.

BUDGET FOR 1932-33.

6. The present estimates of working expenses are compared in the following table with the budget figures and those of 1930-31—

(Figures in lakhs of rupees.)

	Actuals. 1930-31.	1931-32.	
		Budget.	Revised.
Administration	14.51	14.00	14.30
Repairs and Maintenance	15.25	15.22	13.53
Operation	25.50	24.88	23.01
Depreciation	12.64	13.00	13.00
Suspense	3	..	..
Emergency deductions from Pay	..	..	—58
Total	67.93	67.10	63.26
<i>Deduct—</i>			
Worked lines	2.66	2.70	2.35
Net working expenses	65.27	64.40	60.91

7. Our total ordinary working expenses, exclusive of depreciation, will, it is now anticipated, be 4.72 lakhs below last year in spite of the fact that last year's figures were diminished by arrear credit adjustments to the extent of 1.66 lakhs. The actual decrease is thus 6.38 lakhs of which about 58 lakhs has been obtained from the emergency deductions from pay, which railways, in common with all Government departments, have been constrained to introduce from January. The balance of 5.80 lakhs represents the result of the strenuous efforts made by railways to decrease their working expenses.

8. We estimate that the total charges grouped under the head 'Administration' will be 21 lakhs lower than last year, excluding from consideration the emergency deductions from pay. When we remember that owing to the large number of discharges of staff as a result of retrenchment during the current year, our expenditure on gratuities has been 25 lakhs more than last year, and that there is a normal and inevitable tendency to increased expenditure year by year as a result of increments and staff required for new lines, the decrease this year is remarkable and bears testimony to the energetic efforts of railway administrations to reduce expenditure. It would take too long to mention all the various ways and methods which they have tried, but a brief description of a few of them may be found interesting :

- (a) A large number of superior posts have been abolished in the course of the year, and others held in abeyance during the absence on leave of permanent incumbents or otherwise. Some have been replaced by posts of lower grade. On State-managed railways following the recommendations of the Retrenchment Committee, it has been decided to abolish the 36 construction posts that were added in the last revision, the deputation reserve of 4 per cent., and the training reserve of 41 posts. These account for the reduction of the cadre by 104 posts. In addition, the working posts in the cadres have been reduced and as a result of re-arrangement 37 posts have been abolished and 28 more held in abeyance. On Company-managed railways, similarly, 24 posts have been abolished and 44 more left unfilled.

- (b) Special pay has been withdrawn or reduced to a large extent ; and compensatory allowances have been reconsidered and, in many cases reduced or abolished.
- (c) A large number of office staff has been reduced either by vacancies remaining unfilled or by actual discharges.
- (d) Large decreases in contingent expenditure have been effected by economising in the use of stationery, curtailing printing, reducing expenditure on telegrams and postage, use of cheaper paper, etc.
- (e) Publicity expenses have been reduced to a considerable extent by putting publicity under the Commercial Department, reducing the number of tourist advisers and cinema cars, etc.

9. The largest saving, however, has been in the cost of repairs and maintenance of our works and rolling stock. The revised estimate for 1931-32 is 1,72 lakhs less than the booked expenditure for 1930-31, which, as has been pointed out, was diminished by 1,66 lakhs as a result of correction of certain past erroneous adjustments. In other words, the total expenditure is expected to be 3,38 lakhs, or 20 per cent. lower than in 1930-31. Part of this saving must be taken as expenditure postponed for the time being, but we are confident that a considerable portion can be taken as a permanent saving. It is one of the advantages of a period of acute depression like the present that it impels every authority responsible for expenditure to examine each item of expenditure very carefully in order to see whether he could do without it or carry out the work at cheaper cost. Every railway has for instance carefully considered the scales of consumable stores, tools and plant with a view to reduction. Cheaper substitutes have been experimented with. Scrap material has been reclaimed and reconditioned and brought into use. The strength of the permanent-way gangs and level crossing gatemen has been carefully examined and reduced wherever possible. Repairs to staff quarters, buildings and bridges have been drastically curtailed. Only essential minor works have been undertaken. Rolling stock has been laid up when not required. The period between overhauls has been increased. Overtime has been reduced in workshops and sheds. Short time has been introduced in many workshops. Some railways have closed certain workshops altogether.

10. Our total cost of operation is now estimated at just over 23 crores—
 . Operation. $2\frac{1}{2}$ crores lower than the expenditure last year :
 of this, 1,18 lakhs is due to a reduction in fuel charges. The price of coal was about the same as in the previous year and this reduction is entirely due to the decrease in train and engine mileage consequent on the fall in traffic and measures taken to economise in the use of coal. About half a crore is expected to be saved in expenditure on staff. All railways have reduced, or are attempting to reduce, staff to correspond, as far as possible, to the fall in traffic. Large numbers have been discharged or given inducements to retire voluntarily. Some have been placed on compulsory leave for a time or reduced to a lower grade. Other economy measures adopted, have included the closing down of a number of stations or converting them into flag stations ; closing wholly or in part of certain branch lines with little traffic ; reduction of scales of consumable stores and substitution of cheaper qualities ; and revision of scales of handling charges. Finally, all railways have been effecting, wherever possible, reductions in train mileage, both goods and passenger as well as shunting. It is interesting to note that in the first eight months of the year, the total train mileage has been reduced from 112½ million to 101 million, a reduction of over 10 per cent.

The share of the expenditure which is recovered from worked lines mainly depends on their earnings and is likely to be 31 lakhs lower than last year.

11. The appropriation to the depreciation fund grows with our expenditure on works each year and will be 36 lakhs higher this year than last. Surplus profits payable to Companies and to Indian States will be 33 lakhs lower as a result of the fall in traffic in 1930-31 as compared with the previous year.

12. Interest charges show an increase of 55 lakhs which is somewhat lower than the usual annual growth; this is the result of our reduced scale of capital expenditure.

B.—Strategic Lines.

13. The usual figures are given in the statement below :—

(Figures in lakhs of rupees.)

Particulars.	Actuals, 1930-31.	1931-32.	
		Budget.	Revised.
Gross traffic receipts	1,48	1,50	1,32
Interest on balance of Depreciation Fund	5	7	6
Total Receipts	1,53	1,57	1,38
Working expenses (including depreciation)	2,18	2,03	1,92
Interest charges	1,47	1,49	1,48
Miscellaneous charges	1	1	1
Total Charges	3,66	3,53	3,41
Net loss in working	2,13	1,96	2,03

The net loss in working is likely to be 10 lakhs less than in 1930-31 mainly as a result of the fact that the working expenses of 1930-31 were increased abnormally by a debit to revenue of 9 lakhs representing the cost of the dismantled Decauville railway. The fall in traffic receipts of 16 lakhs has been more than made up by economies in expenditure.

C.—Summary of Results.

14. Our total receipts from commercial lines will, on these estimates, be 86.68 crores, or 8.62 crores below last year. Our total charges will be 94.12 crores, or 4.24 crores less than last year. This leaves us with a deficit of 7.44 crores as compared with 3.06 crores last year. The loss on strategic railways of 2.03 crores brings the total loss to 9.47 crores. This exceeds the balance of 5.42 crores in our reserve at the beginning of the year, of which only 4.95 crores can be considered free; for 47 lakhs have been invested in securities, such as shares in private railway companies, which it is inadvisable to realize. In the circumstances, the contribution to general revenues has to be postponed; and in order to pay our full interest charges, the balance of 4.52 crores left after utilising the free balance of the Reserve Fund must be met by a temporary loan from the Depreciation Fund.

The expenditure from the Depreciation Fund is expected to be 8½ crores against the payment to the fund of 13.43 crores, leaving a balance of 5.18 crores, but as we intend to borrow 4.52 crores from the Depreciation Fund to meet our deficit, the balance at credit to the fund will be increased by only 63 lakhs and will amount to 14.58 crores at the end of the year.

1932-33.

A.—Commercial Lines.

15. The principal figures of the budget estimates for 1932-33 for commercial lines are compared in the following statement with our present estimate for the current year. In order to facilitate comparison between the two sets of figures, the amount of credits from material released from works charged to the depreciation fund, which is deducted from working expenses in the current year, but will be shown on the receipts side in 1932-33, is shown separately.

(Figures in lakhs of rupees.)

Particulars.	Revised, 1931-32.	Budget, 1932-33.
Gross traffic receipts	85.55	86.57
Credits from material returned from works charged to depreciation fund.	..	1.20
Deduct—Refunds of revenue	12	12
Total	85.43	87.65
Government share of profits, from subsidized companies	19	18
Interest on balances of depreciation and reserve funds	90	81
Dividends on investment in branch lines and other miscellaneous receipts.	16	6
Total Receipts	86.68	88.70
Working expenses (including depreciation)	62.69	60.81
Credits from material returned from works charged to depreciation fund.	—1.78	..
Surplus profits paid to Indian States and Railway Companies	83	80
Interest charges	31.80	32.23
Miscellaneous charges	58	46
Total Charges	94.12	94.30
Loss from commercial lines	7.44	5.60

16. In placing gross traffic receipts one crore higher than in 1931-32 we are merely allowing for the full effect during a whole year of the enhancements of rates and fares, including the surcharge on coal freights, that we have introduced at varying dates during the current year; this should give us an extra crore and a quarter, but we shall receive about twenty-five lakhs less than this year because 1932-33 has only 365 days instead of 366. There are no sufficient indications that traffic will improve to justify our anticipating an increase in its volume; on the other hand we do not think it necessary to anticipate still further deterioration. The estimate therefore assumes that the volume of traffic in 1932-33 will be about the same as in the current year.

Our total working expenses including depreciation show a decrease of 1.88 lakhs from this year's figure, of which about $\frac{1}{4}$ crore may be taken as due to the abnormally heavy expenditure on gratuities in the current year, and $1\frac{1}{2}$ crores, net after payment of 22 lakhs to the Income-tax Department, will be derived from the emergency deductions in pay which will be in force during the whole year. Excluding these we expect to bring down our total expenditure by 13 lakhs. But seeing that the surcharge on coal freights will increase our fuel charges by about 37 lakhs (of which account had been taken in our receipts' estimate); that

25 lakhs more has to be provided for depreciation ; and that increments in pay and, to a smaller extent, the staffing of new lines opened this year mean an increase of at least half a crore in our charges, our estimate really provides for a further reduction of $1\frac{1}{4}$ crores in working expenses following on the decrease of about 6 crores in the current year.

17. The estimates of earnings are compared in more detail with the current year's latest estimates in the statement below :—

(Figures in lakhs of rupees.)

	Revised, 1931-32.	Budget, 1932-33.
Passenger earnings	28,50	28,85
Other coaching traffic earnings	5,00	5,00
Total	33,50	33,85
Goods earnings	55,00	55,75
Other earnings	1,70	1,70
Credits from material returned from works charged to the depreciation fund.	..	1,20
Total	90,20	92,50
<i>Deduct—</i>		
Refunds of revenue	12	12
Worked lines	4,65	4,73
Net Total	85,43	87,65

18. There will be no compensation for the practical exhaustion of the reserve fund in any substantial increase in the balance in the depreciation fund, since interest-free loans will have to be taken from the latter fund both this year and next ; consequently we have to face a reduction in our receipts from interest, which is the chief individual factor in the decrease of 20 lakhs in our estimates of other receipts.

19. The estimates of working expenses are given in the following table with the current year's figures. A direct comparison between the two sets of figures is however difficult owing to certain accounting changes which we explain below—

(Figures in lakhs of rupees.)

	Revised, 1931-32.	Budget, 1932-33.
Administration	14,30	12,18
Repairs and Maintenance	15,31	15,24
Credits from material returned from works charged to the depreciation fund	—1,78	..
Operation	23,01	24,62
Depreciation	13,00	13,25
Emergency deductions from pay	—58	—2,30
Payment to income-tax department in respect of Railway staff exempted from surcharge	..	22
Total	63,26	63,21
<i>Deduct—Worked lines</i>	2,35	2,40
Net working expenses	60,91	60,81

20. Of the decrease of 2,12 lakhs (excluding decreases due to the emergency deductions in pay) under this head, 1,75 lakhs in Administration. all represent the result of certain accounting changes which increase the expenditure under 'Operation' correspondingly. Gratuities and contributions to Provident Fund in respect of all railway staff were formerly debited to this head ; but it has been decided that from 1932-33 onwards gratuities and provident fund contributions of staff whose pay is not debited to this demand should be shown under 'Operation'. This accounts for 1,62 lakhs. The balance is due to the decision to discontinue the transfer from the head 'Operation' to this head of part of the pay of Assistant Station Masters doing telegraph duties which is considered to be set off by the work done by telegraphists on purely operating duties.

Allowing for these, and for the fact that in 1931-32 we had to meet an exceptionally heavy gratuities bill, there is still a decrease under this head notwithstanding the increase ordinarily to be expected from annual increments and the opening of 400 miles of new line in the current year.

21. The estimated cost of repairs and maintenance during 1932-33 is Repairs and Maintenance. 7 lakhs lower than in the current year.

22. When the accounting changes referred to earlier are taken into account, the nominal increase of 1,61 lakhs under Operation. this head is turned into a real decrease of 14 lakhs. But for the fact that the surcharge on coal freights will increase our fuel charges by 37 lakhs—with a corresponding increase in receipts—the decrease would have exceeded half a crore. A small part of this is due to a decrease in the price of coal.

23. The emergency deductions from pay which will be in force throughout the whole year, are expected to yield 2,30 lakhs ; but we shall have to pay 22 lakhs to the income-tax department in respect of additional income-tax payable by railway staff exempted from it during these two years.

24. Surplus profits payable to railway companies and Indian States are Other charges. expected to be slightly less than in the current year ; but our miscellaneous charges show a relatively large decrease (over 20 per cent. as compared with the previous year), as a result of drastic curtailment of various activities. The increase of 43 lakhs in our interest charges is small compared with what it has been in recent years owing to the drastic curtailment of new capital expenditure.

Strategic Lines.

25. The figures of the revised estimates for 1931-32 and the budget for 1932-33 are given below :—

(Figures in lakhs of rupees.)

Particulars.	Revised, 1931-32.	Budget, 1932-33.
Gross receipts	1,32	1,35
Interest on balances of depreciation fund	6	4
Total Receipts	1,38	1,39
Working expenses (including depreciation)	1,92	1,89
Interest charges	1,48	1,18
Miscellaneous	1	1
Total Charges	3,41	3,38
Net loss in working	2,03	1,99

Summary of results.

26. If these estimates prove correct, the net results of next year's working ought to be better, if slightly, than the current year's. Our total receipts from commercial lines should be 88·70 crores or 2·02 crores better than this year : while our total charges ought to be 94·30 crores or only 18 lakhs more. The net loss will then be 5·60 crores or 1·84 crores less than in 1931-32. Adding the loss on strategic lines, the total deficit comes to 7·59 crores, to meet which we shall again be compelled to have recourse to a temporary loan from the Depreciation Fund.

The opening balance of the Depreciation Fund is expected to be 14·58 crores. We are putting in 13·70 crores into it during 1932-33 and taking out 5·60 crores for works expenditure and 7·59 crores as a temporary loan or 13·19 crores in all, so that the closing balance is estimated at 15·09 crores.

Capital Expenditure.

27. Our works programme for the current year amounted to 21·70 crores ; and since we expected to reduce our stores balances by 2 crores, we asked the Assembly for a grant of 19·70 crores. Of this 8½ crores was to be found from the Depreciation Fund and the balance was capital expenditure. Our present anticipations are that the total cash expenditure this year will be 16·60 crores, or 3·10 crores less.

We have no reason at present to suppose that our anticipations regarding a reduction in stores balances will not materialise, nor that the expenditure from the Depreciation Fund will be appreciably different from our budget estimates. The chief saving is in our capital expenditure, especially on open line works.

28. Our works programme for 1932-33 is still more attenuated ; we have been able to provide only 9½ crores for it. The total cost of the works in the programme is 11½ crores but we hope that 1½ crores will be found by utilisation of stores at present in stock, thus reducing our stores balances which ought to be below 13½ crores at the beginning of the year.

We have allotted only 1,01 lakhs for new construction where our aim has been to complete all lines now under construction. By the end of the year, the Sagaing Bridge over the Irrawaddy will be the only unfinished item on our new construction programme, and it will be very near completion, the balance required for it in the following year being barely 13 lakhs. Open line works are expected to cost 10½ crores, of which about 2½ crores are required for works in progress, about 4½ crores for track renewals and 1½ crores for rolling stock. The amount provided for new works is less than 2 crores and more than a half of this is on small items costing not more than a lakh each for which we allow a lump sum to Agents to be utilised at their discretion.

The only individual new works of any importance for which any large provision has been made in the budget are the rebuilding or strengthening of certain important bridges, like the Gorai bridge on the Eastern Bengal Railway, the Barakar bridge on the East Indian Railway and the Betwa bridge on the Great Indian Peninsula Railway works which could not be postponed any longer consistently with the safety of the public.

29. Finally we wish to express our gratitude to the members of the Standing Finance Committee for Railways for the help they have given us throughout the year.

T. G. RUSSELL,

Chief Commissioner of Railways.

NEW DELHI ;

A. A. L. PARSONS,

The 16th February 1932. }

Financial Commissioner of Railways.

APPENDIX I.

CAPITAL EXPENDITURE.

The total expenditure charged to capital and to the depreciation fund on State-owned railways in the three years 1930-31 to 1932-33 is set out in the table below :—

	Accounts, 1930-31.	1931-32.		Budget, 1932-33.
		Budget.	Revised.	
England—				
Sterling pay- ments. £	4,281,612	2,437,500	2,025,000	1,125,000
Converted into rupees at 1s. 6d. to the rupee. Rs.	5,70,88,156	3,25,00,000	2,70,00,000	1,50,00,000
Exchange . Rs.	7,23,492	..	1,89,000	..
Total England . Rs.	5,78,11,648	3,25,00,000	2,71,89,000	1,50,00,000
India —				
Payments in India Rs.	18,82,34,676	16,45,00,000	13,88,11,000	8,25,00,000
Total England and India. Rs.	24,60,46,324	19,70,00,000	16,60,00,000	9,75,00,000

The distribution of the above between capital and depreciation fund is as follows :—

Capital . . .	13,20,87,259	11,45,00,000	8,35,00,000	4,15,00,000
Depreciation Fund .	11,39,59,065	8,25,00,000	8,25,00,000	5,60,00,000

BUDGET FOR 1932-33.

2. The statement below gives a comparison of the allotments made for open lines and lines under construction during the same period (viz., 1930-31 to 1932-33) under commercial and strategic lines separately :—

(Figures in thousands of rupees.)

	Accounts, 1930-31.	Revised Estimates, 1931-32.	Budget Estimates, 1932-33.
Commercial.			
Purchase of branch line shares, etc.	1,00	..	..
Open line (including rolling stock) { Capital	8,71,79	5,50,00	3,06,00
Dep. Fund	11,22,88	7,99,00	5,44,00
Total open lines (Commercial) { Capital	8,72,79	5,50,00	3,06,00
Dep. Fund	11,22,88	7,99,00	5,44,00
Lines under construction { Capital	4,27,62	2,70,00	1,01,00
Dep. Fund	..	..	..
Total Commercial { Capital	13,00,41	8,20,00	4,07,00
Dep. Fund	11,22,88	7,99,00	5,44,00
Total	24,23,29	16,19,00	9,51,00
Strategic.			
Open line (including rolling stock) { Capital	20,60	14,00	8,00
Dep. Fund	16,71	26,00	16,00
Lines under construction—Capital	—14	1,00	..
Total Strategic { Capital	20,46	15,00	8,00
Dep. Fund	16,71	26,00	16,00
Total Commercial and Strategic Lines { Capital	13,20,87	8,35,00	4,15,00
Dep. Fund	11,39,59	8,25,00	5,60,00
Total	24,60,46	16,60,00	9,75,00

3. The distribution of the total budget provision of 9.75 crores for 1932-33 is as follows :—

(Figures in thousands of rupees.)

Railways.	Open Lines.			New Construction.		
	Rolling Stock.	Other Items.	Total.	Lines in progress.	New Lines.	Total.
<i>State Railways managed by the State.</i>						
Burma Railways—						
<i>New Construction—</i>						
Myingyan Natogyi Paleik	..	..	..	4	..	4
Sagaing Bridge	..	..	..	40,00	..	40,00
Taungdwingyi Kyaukpa-daung.	..	..	..	4	..	4
<i>Open Line</i> { Capital	—1,96	19,25	17,29	..	..	..
Dep. Fund	6,12	18,21	24,33	..	..	..
<i>Total</i> { Capital	—1,96	19,25	17,29	40,08	..	40,08
Dep. Fund	6,12	18,21	24,33	..	..	..
Eastern Bengal Railway—						
<i>New Construction—</i>						
Kalukhali Kamarkhali	..	..	..	4,60	..	4,60
Bhateapara.	..	..	..	7,90	..	7,90
Tangla Belsiri	..	..	..	5	..	5
Dinajpur Ruhea	..	..	..	26	..	26
Baruipur Lakshmikantapur.	..	..	..	17	..	17
Purnea Murliganj	..	..	..	22	..	22
Abdulpur Nawabganj	..	..	..	..	..	..
<i>Open Line</i> { Capital	11,85	17,15	29,00	..	..	..
Dep. Fund	5,96	36,04	42,00	..	..	..
<i>Total</i> { Capital	11,85	17,15	29,00	13,20	..	13,20
Dep. Fund	5,96	36,04	42,00	..	..	..
East Indian Railway—						
<i>New Construction—</i>						
Calcutta chord	..	..	..	4,82	..	4,82
Lucknow Sultanpur	..	..	..	7,50	..	7,50
Zafarabad.	..	..	..	..	..	..
<i>Open Line.</i> { Capital	15,05	73,55	88,60	..	..	..
Dep. Fund	13,10	75,26	88,36	..	..	..
<i>Total</i> { Capital	15,05	73,55	88,60	12,32	..	12,32
Dep. Fund	13,10	75,26	88,36	..	..	..

BUDGET FOR 1932-33.

Railways.	Open Lines.			New Construction.		
	Rolling Stock.	Other Items.	Total.	Lines in progress.	New Lines.	Total.
Great Indian Peninsula Railway—						
Open Line . { Capital .	—97	5,45	4,48	..	..	..
Dep. Fund .	6,21	48,97	55,18	..	..	..
Total . { Capital .	—97	5,45	4,48	..	..	..
Dep. Fund .	6,21	48,97	55,18	..	..	..
North-Western Railway— Commercial lines—						
<i>New construction—</i>						
Chiniot Kushab . .	..	..	..	30	..	30
Kalabagh Bridge . .	..	..	..	14	..	14
Kangra Valley . .	..	..	..	52	..	52
Sind Left Bank Feeders .	..	..	..	55	..	55
Open Line . { Capital .	6,75	—2,00	4,75	..	..	..
Dep. Fund .	16,69	76,83	93,52	..	..	..
Total . { Capital .	6,75	—2,00	4,75	1,51	..	1,51
Dep. Fund .	16,69	76,83	93,52	..	..	..
North Western Railway (Strategic Lines)—						
Open Line . { Capital .	25	8,00	8,25	..	..	..
Dep. Fund .	3,10	12,90	16,00	..	..	..
Total . { Capital .	25	8,00	8,25	..	..	..
Dep. Fund .	3,10	12,90	16,00	..	..	..
State Railway Collieries	..	45	45	..	..	..
Total State Lines managed by the State.	30,97	1,21,85	1,52,82	67,11	..	67,11
Dep. Fund .	51,18	2,68,21	3,19,39	..	..	..
TOTAL	82,15	3,90,06	4,72,21	67,11	..	67,11

Railways.	Open Lines.			New Construction.		
	Rolling Stock.	Other Items.	Total.	Lines in progress.	New Lines.	Total.
<i>State Railways managed by Companies or Indian States—</i>						
Assam Bengal Railway—						
<i>New construction—</i>						
Netrokona Mohangunj .	..	..	..	18	..	18
Chittagong Fatikchari (Nazirhat) .	..	..	..	82	..	82
Chittagong Duhazari .	..	..	..	50	..	50
Open Line . {	Capital .	4,30	5,67	..	..	..
	Dep. Fund. .	9,21	11,75	..	..	..
Total . {	Capital .	4,30	5,67	1,50	..	1,50
	Dep. Fund. .	9,21	11,75	..	..	..
Bengal Nagpur Railway—						
<i>New construction—</i>						
Raipur Vizianagram .	..	..	..	22,17	..	22,17
Open Line . {	Capital .	15,80	17,58	..	..	..
	Dep. Fund. .	28,53	30,79	..	..	..
Total . {	Capital .	15,80	17,58	22,17	..	22,17
	Dep. Fund. .	28,53	30,79	..	..	..
Bezwada Railway—						
Open Line . {	Capital .	30	30	..	..	..
	Dep. Fund. .	..	..	..	..	..
Bengal and North-Western Railway (Tirhut Section)—						
Open Line . {	Capital .	—3,50	—3,20	..	..	..
	Dep. Fund. .	5,67	5,94	..	..	..
Total . {	Capital .	—3,50	—3,20	..	..	..
	Dep. Fund. .	5,67	5,94	..	..	..

Railways.	Open Lines.			New Construction.		
	Rolling Stock.	Other Items.	Total.	Lines in progress.	New Lines.	Total.
Bombay, Baroda and Central India Railway—						
<i>Open Line</i> { Capital .	15,62	42,30	57,92	..	..	..
Dep. Fund .	20,31	63,22	83,53	..	..	..
Total { Capital .	15,62	42,30	57,92	..	..	..
Dep. Fund .	20,31	63,22	83,53	..	..	..
Dronachellam Kurnool Railway—						
<i>Open Line</i> { Capital .	..	65	65	..	..	..
Dep. Fund .	..	..	..	..	..	..
Jodhpur Railway —						
<i>Open Line</i> { Capital .	..	15	15	..	..	..
Dep. Fund .	30	75	1,05	..	..	..
Madras and Southern Maharashtra Railway—						
<i>Open Line</i> { Capital .	9,54	25,40	34,94	..	..	..
Dep. Fund .	14,60	43,10	57,70	..	..	..
Total { Capital .	9,54	25,40	34,94	..	..	..
Dep. Fund .	14,60	43,10	57,70	..	..	..
Rohilkund and Kumaon Railway—						
<i>Open Line</i> { Capital .	1,17	—55	62	..	..	..
Dep. Fund .	73	1,56	2,29	..	..	..
South Indian Railway—						
<i>New construction—</i>						
Madura Bodinayakanur .	..	..	..	82	..	82
Villupuram Trichinopoly .	..	..	..	2,88	..	2,88
Dindigul Pollachi . .	..	..	..	1,01	..	1,01
Cuddalore Vriddhachalam	..	..	..	95	..	95

Railways.	Open Lines.			New Construction.		
	Rolling Stock.	Other Items.	Total.	Lines in progress.	New Lines.	Total.
South Indian Railway—concl'd.						
<i>New construction—concl'd.</i>						
Trichinopoly Manamadura	..	..	..	52	..	52
Polachi Palghat	..	..	..	2,87	..	2,87
Salem Attur Vriddhachalam	..	..	..	1,67	..	1,67
<i>Open Lines</i> { Capital	15,75	29,30	45,05	..	..	..
{ Dep. Fund	5,13	29,43	34,56	..	..	..
Total { Capital	15,75	29,30	45,05	10,72	..	10,72
{ Dep. Fund	5,13	29,43	34,56	..	..	..
Total State Railways managed by Companies or Indian States { Capital	45,53	1,14,15	1,59,68	34,39	..	34,39
{ Dep. Fund	46,14	1,81,47	2,27,61	..	..	..
Total	91,67	2,95,62	3,87,29	34,39	..	34,39
Total all State Railways. { Capital	76,50	2,36,00	3,12,50	1,01,50	..	1,01,50
{ Dep. Fund	97,32	4,49,68	5,47,00	..	..	..
For emergencies { Capital	..	6,00	6,00	..	..	..
{ Dep. Fund	..	13,00	13,00	..	..	..
Emergency deductions from pay	..	—4,50	—4,50	—50	..	—50
Total { Capital	76,50	2,37,50	3,14,00	1,01,00	..	1,01,00
{ Dep. Fund	97,32	4,62,68	5,60,00	..	..	..
Grand Total				9,75,06	..	..

NOTE.—Figures in italics represent expenditure from the depreciation fund.

BUDGET FOR 1932-33.

Open Line Works.

4. *Engineering, structural and other works.*—The following is the distribution of the proposed expenditure among the various classes of works comprised in this group :—

(Figures in lakhs of rupees.)			
	Capital.	Depreciation Fund.	Total.
(1) Track	1,17	3,06	4,23
(2) Bridges	67	64	1,31
(3) Traffic facilities	83	27	1,10
(4) Workshops and Loco. sheds	44	19	63
(5) Staff quarters	18	4	22
(6) Welfare Works	8	1	9
(7) Electric installations	10	2	12
(8) Signalling and interlocking	12	4	16
(9) Electrification of track	2	..	2
(10) Removal of infringements	..	..	..
(11) Ferries	..	1	1
(12) Collieries	6	..	6
(13) Emergencies	6	13	19
(14) Other Works	20	22	42
(15) Suspense (Reduction of stores balances) —	1,51	..	—1,51
(16) Emergency deductions from pay	—5	..	—5
Total	2,37	4,63	7,00

(1) and (2). *Track and Bridges.*—In order to be able to run the new heavy standard locomotives without restriction the previous policy of strengthening and improving track and bridges is being pursued though owing to general financial stringency the programme has had to be somewhat curtailed.

The Nerbudda bridge on the Great Indian Peninsula Railway and the Kotri bridge on the North Western Railway have been completed and only a small provision is necessary to complete the Roopnarayan bridge on the Bengal Nagpur Railway. The renewal of the Nerbudda bridge at Broach on the Bombay, Baroda and Central India Railway is in hand and a substantial provision has been made to push on this work, as well as the renewal of girders on the metre gauge section of that railway between Rutlam and Ajmer. On the Great Indian Peninsula Railway the programme of bringing up to main

line standard the North East main line between Itarsi and Agra is being continued as far as Jhansi only for the present, and this involves the renewal of girders on the Narain and Betwa Bridges in addition to those which were commenced in 1931-32. On the East Indian Railway the down line girder on the Barakar bridge is also being renewed as well as the Gorai bridge on the Eastern Bengal Railway.

A further instalment of relaying with 115 lb. section in the colliery area of the East Indian Railway and of relaying of with 90 lb. section of rails on the Dinapur Division of that railway is being provided. On the Burma Railways main line 10 miles of 75 lb. section relaying is being carried out, the released rails being re-utilised on the Mu Valley Branch. Provision is being made for a further instalment of relaying with 90 lb. section on the Itarsi-Agra section so as to complete this work up to Jhansi, at the same time the 69 lb. section rails on the Wardha-Balharshah section are also being renewed with 90 lb. section rails. On the North Western Railway it is proposed to renew a further instalment on the Delhi-Ambala-Kalka section with 90 lb. rails and on the Madras and Southern Mahratta Railway provision has been made for over 60 miles of relaying with 60 lb. section rails on the metre gauge section between Hubli and Castle Rock.

(3) *Traffic facilities.*—Of the doubling schemes mentioned last year that of the Ishurdi-Abdulpur section on the Eastern Bengal Railway has been completed and the only item under this head is the doubling between Cawnpore and Tundla on the East Indian Railway, which it is proposed to hold in abeyance when the section between Tundla and Etawah has been completed, provision made being to this end. The only important remodelling scheme of those mentioned last year that will require funds in 1932-33 is that at Erode junction on the South Indian Railway where a provision of some Rs. 13 lakhs has been made for its completion.

(4) *Workshops, Station and other buildings.*—Under this head the only important items are as shown below :—

	Estimated cost.	Approximate outlay to end of 31st March 1932.	Provision for 1932-33.
Dohad (Scheme 'G') (Bombay, Baroda and Central India Railway).	30.09 4.62	19.85 0.03	8.37 0.02
Perambur shops (Madras and Southern Mahratta Railway)	244.41 35.75	235.75 26.52	7.00 9.29

NOTE.—Figures in italics represent expenditure from the Depreciation Fund.

(5) *Staff quarters.*—The following table shows the distribution of the proposed expenditure for the provision of quarters for a large proportion of the staff :—

Railways.	Officers' Quarters.		Other Quarters.		Total.
	Provision to complete bungalows under construction.	Provision for new bungalows.	Provision to complete bungalows under construction.	Provision for new quarters.	
Assam Bengal .	..	..	15	27	42
Bengal Nagpur.	..	..	3,75	..	3,75
Bengal and North-Western.	..	..	..	32	32
Bombay, Baroda and Central India.	..	..	39	..	39
Burma . .	..	..	10	1,98	2,08
East Indian .	..	..	2,27	50	2,77
Great Indian Peninsula.	..	..	15	38	53
Jodhpur . .	..	..	2	..	2
Madras and Southern Mahratta.	..	..	..	1,81	1,81
North Western. (Commercial.)	..	..	..	3,98	3,98
Rohilkund and Kumaon.	..	..	..	6	6
South Indian .	..	..	..	2,91	2,91
North Western (Strategic)	..	..	2,80	59	3,39
Total . .	..	..	9,63	12,80	22,43

(9) *Electrification of Track.*—The South Indian Railway suburban electrification scheme in the Madras area has been opened; a small provision of Rs. 1.98 lakhs capital has been made for completion.

5. *Amenities for passengers.*—The statement below shows the expenditure proposed on the various categories under which these amenities are usually subdivided.

(Figures in thousands.)

Railways.	Water supply.	Waiting rooms and halls.	Indian refreshment rooms.	Booking facilities.	Latrines and sanitary arrangements.	Raised platforms.	Additions and betterments to lower class carriages.	Total.
1. Assam Bengal . .	4	8	5	5	5	...	68	93
2. Bengal Nagpur . .	...	...	...	...	...	...	...	...
3. Bengal and North-Western.	...	...	1	...	...	...	...	1
4. Bombay, Baroda and Central India.	1	1	...	2	1	...	7,80	7,85
5. Burma . . .	5	...	...	...	5	...	...	10
6. Dronachellam-Kurnool	...	...	...	...	...	...	...	...
7. Eastern Bengal . .	...	...	...	...	...	...	...	...
8. East Indian . .	12	12	12	12	7	7	6,11	6,73
9. Great Indian Peninsula	...	...	...	...	...	...	...	...
10. Jodhpur . . .	...	...	...	...	...	...	...	...
11. Madras and Southern Mahratta.	5	78	...	...	12	...	5,58	6,53
. North-Western . .	50	50	20	30	30	1,00	2,16	4,86
13. Rohilkund & Kumaon	...	...	...	...	2	...	...	2
14. South Indian . .	3	32	...	5	12	90	...	1,33
TOTAL .	80	1,69	38	44	74	1,97	22,33	28,35

6. *Rolling Stock.*—Of the total amounts provided for expenditure on rolling stock during 1932-33, 30½ lakhs (of which 10½ lakhs are from the Depreciation Fund) are for completion of works sanctioned in previous programmes. The expenditure on new items is shown in the statement below.

BUDGET FOR 1932-33.

	Broad Gauge.			Metre
	Additions.	Renewals.		Additions.
	Capital.	Capital.	Deprecia- tion Fund.	Capital.
<i>I.—Locomotives—</i>				
(a) Engines and Tenders	50	—13,59	13,59	..
(b) Boilers	..	1,71	12,88	..
(c) Miscellaneous expenditure . .	..	1,20	3,28	..
<i>II.—Coaching Stock—</i>				
(a) I and II Class	..	2,22	55	..
(b) Inter and III Class	..	1,18	2,55	..
(c) Composites	9,51	6,95	5,33	..
(d) Other coaches	24	6,25	2,50	85
(e) Miscellaneous expenditure . .	..	3,23	..	..
<i>III.—Goods Stock—</i>				
(a) General Service	7,32	8,68	12,52	..
(b) Other types	2,95	3,62	4,32	2,32
(c) Miscellaneous expenditure . .	..	38	2	..
Total	20,52	21,83	57,54	3,17

BUDGET FOR 1932-33.

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(Figures in thousands of rupees.)

Gauge.		Narrow Gauge.				Grand Total.	
Renewals.		Additions.	Renewals.				
Capital.	Depre- ciation Fund.	Capital.	Capital.	Depre- ciation Fund.	Capital.	Depre- ciation Fund.	
3,21	5,48	65	83	98	—8,40	20,05	
48	2,71	..	57	1,25	2,76	16,84	
1,60	1,14	..	..	..	2,80	4,42	
99	1,42	..	14	9	3,35	2,06	
1,28	2,19	..	6	16	2,52	4,90	
1,41	1,16	..	..	..	17,87	6,49	
—2,16	3,07	..	45	67	5,63	6,24	
20	20	..	..	..	3,43	20	
2,18	1,50	..	..	..	18,18	14,02	
—2,09	6,11	..	..	..	6,80	10,43	
90	4	..	..	..	1,28	6	
8,00	25,02	65	2,05	3,15	56,22	85,71	

BUDGET FOR 1932-33.

The programme provides for the construction of new units of stock shown in the table below, all of which, however, will not necessarily be completed and be available for use before the 31st March 1933.

	Broad Gauge.			Metre Gauge.			Narrow Gauge.		
	Additions No.	Renewals No.	Total No.	Additions No.	Renewals No.	Total No.	Additions No.	Renewals No.	Total No.
1. Locomotive . . .	1	..	1	..	24	24	1	5	6
2. Coaching vehicles (in terms of four-wheelers)—									
(a) I and II class.	..	8	8	..	16	16	..	2	2
(b) Inter and III class . . .	..	22	22	..	40	40	..	4	4
(c) Composites .	46	54	100	..	20	20	..	..	..
(d) Other coaches	1	32	33	5	..	5	..	4	4
3. Goods wagons (in terms of four-wheelers)—									
(a) General Service	144	456	600	..	140	140	..	..	..
(b) Other types .	28	75	103	12	54	66	..	..	..

The following statement shows in terms of four-wheeler the details of the new units of coaching and goods stock which will be constructed as *additions* to the authorised stock of the railways :—

Railways	Locomotives.		Coaching Stock.			Goods Stock.			
	Broad Gauge.	Narrow Gauge.	Broad Gauge.		Metre Gauge.	Broad Gauge		Metre Gauge.	
			Composites.	Other coaches.	Other coaches.	General Service.	Other types.	General service.	Other types.
Bengal Nagpur . . .	1	..	..	..	..	..	1	..	..
Bombay, Baroda, and Central India . . .	..	1	2	..	..	..	9	..	..
Burma . . .	..	..	..	..	..	..	..	..	2
Eastern Bengal . . .	..	..	..	..	..	..	..	..	10
Great Indian Peninsula . . .	..	..	..	..	..	..	18	..	..
Madras and Southern Mahratta . . .	..	..	2	1	5	..	..	..	..
North Western . . .	..	..	20	..	..	..	..	..	..
South Indian . . .	..	..	22	..	..	144	..	..	..
Total . . .	1	1	46	1	5	144	28	..	12

New construction.

7. A complete list of new lines, whether under construction or likely to be commenced during the year 1932-33, for which the allotment of 101·00 lakhs proposed for new construction is intended, is given in the demands for grants for new construction of commercial and strategic lines. The total mileage of these new lines excluding that of the lines to be opened in 1931-32 aggregates 341 miles. The additions to the several main systems are indicated in the statement below :—

Railway system.	Mileage of lines in progress.	Mileage of lines, the construction of which has been sanctioned but not yet commenced.	Mileage of unsanctioned lines.	Total.
Bengal Nagpur	74	..	..	74
Burma	5	..	..	5
Eastern Bengal	106	..	..	106
East Indian	120	..	..	120
North Western	3	..	..	3
South Indian	33	..	..	33
Total	341	..	..	341

8. It is expected that about 406 miles of railway will be opened in the current year and about 173 miles in 1932-33. The details are as follows :—

Lines opened and to be opened in 1931-32.

<i>Name of project.</i>	<i>Mileage.</i>
<i>Assam Bengal Railway—</i>	
Chittagong-Dohazari	25
<i>Bengal Nappur Railway—</i>	
Raipur-Parvatipuram (Part)	74
<i>Eastern Bengal Railway—</i>	
Kalukhali-Bhatapara with a branch from Madhukhali to Kamarkhali	53
<i>East Indian Railway—</i>	
<i>Central India Coalfields Railway—</i>	
Manendragarh-Chirmiri Siding	13
Manendragarh-Jhagrakhand Siding	2
<i>Great Indian Peninsula Railway—</i>	
Dharwa-Pusad	43
<i>North-Western Railway—</i>	
Shahpur City-Khushal	6
Chiniot-Chinni Khichi	3
Kalabagh Bridge	2
Sakrand-Tharushah	66
Tando Adam-awabshah	54
<i>South Indian Railway—</i>	
Chinnasalem-Vriddhachalam	32
Pollachi-Palghat	33
Total	406

Lines expected to be opened during 1932-33.

<i>Eastern Bengal Railway—</i>	
Tangla-Rangapara	53
<i>East Indian Railway—</i>	
Calcutta chord	12
Lucknow-Sultanpur-Zafarabad	1,08
Total	173

APPENDIX II.

Capital expenditure on State-owned Railways.

(Figures in thousands of rupees.)

RAILWAYS.	Accounts, 1930-31.	To end of 1930-31.	Revised Estimate, 1931-32.	Budget Estimate, 1932-33.	To end of 1932-33.
OPEN LINES.					
State Railways managed by State—					
Aden (Commercial)	—4	4,53	—4,50	..	3
Burma	42,71	31,47,99	33,00	17,29	31,98,28
Eastern Bengal	69,34	48,51,09	40,00	29,00	49,20,09
East Indian	1,13,57	1,37,63,04	86,00	88,60	1,39,37,64
Great Indian Peninsula	1,53,78	1,16,61,10	95,25	4,48	1,17,60,83
North Western	55,03	1,06,45,74	31,00	4,75	1,06,81,49
Strategic Lines	20,60	30,35,07	14,00	8,25	30,57,32
Miscellaneous	3,64	2,43,01	..	..	2,43,01
Abandoned projects	..	32,26	..	..	32,26
State Railway Collieries	89	99,92	80	45	1,01,17
Total State Railways managed by State	4,59,52	4,74,83,75	2,95,55	1,52,82	4,79,32,12
State Railways managed by Companies or Indian States—					
Assam Bengal	33,95	20,81,82	20,00	5,67	21,07,49
Bengal Nagpur	45,05	71,62,64	45,00	17,58	72,25,22
Bengal and North-Western (Tirhut)	22,15	9,55,77	11,00	—3,20	9,63,57
Bezwada Extension	3	17,67	5	30	18,02
Bombay, Baroda and Central India	1,19,79	72,83,63	70,50	57,92	74,12,05
Dronachellam Kurnool Railway Extension	6,29	16,77	50	65	17,92
Jodhpur	4	83,76	60	15	84,51
Madras and Southern Mahratta	81,30	51,70,38	59,00	34,94	52,64,32
Rohilkund and Kumaon (Lucknow Bareilly)	80	1,55,69	1,55	62	1,57,86
South Indian	1,23,47	36,14,43	62,00	45,05	37,21,48
Total State Railways managed by Companies or Indian States	4,32,87	2,65,42,56	2,70,20	1,59,68	2,69,72,44
Total Open Lines	8,92,39	7,40,26,31	5,65,75	3,12,50	7,49,04,56

APPENDIX II—*contd*

(Figures in thousands of rupees.)

RAILWAYS.	Accounts, 1930-31.	To end of 1930-31.	Revised Estimate, 1931-32.	Budget Estimate, 1932-33.	To end of 1932-33.
LINES UNDER CONSTRUCTION.					
State Railways managed by State—					
Burma Railways—					
Pegu Kayan . . .	..	54,29	..	..	54,29
Heho Shevenyaung . .	2	26,65	..	..	26,65
Taungdwingyi-Kysukpa- daung . . .	2,46	95,01	10	4	95,15
Sagaing Bridge . . .	7,71	57,32	19,05	40,00	1,16,37
Myingyan Natogyi Palek	2,48	66,17	15	4	66,36
Kayan Thongwa . . .	8	14,31	..	..	14,31
Nyaunglebin Madauk . .	41	12,47	15	..	12,62
Taungdwingyi-Minbu Pakokku—					
(a) Taungdwingyi Pata- nago . . .	-11	57,08	-60	..	56,48
(b) Patanago Malun Pa- kokku . . .					
Total . . .	13,05	3,83,30	18,85	40,08	4,42,23

APPENDIX II—*contd.*

(Figures in thousands of rupees.)

RAILWAYS.	Accounts, 1930-31.	To end of 1930-31.	Revised Estimate, 1931-32.	Budget Estimate, 1932-33.	To end of 1932-33.
LINES UNDER CONSTRUCTION — <i>contd.</i>					
State Railways managed by State— <i>contd.</i>					
Eastern Bengal Railway—					
Baruipur-Lakshmik antapur	2,48	39,73	60	26	40,59
Tangla Belsiri . . .	6,00	8,17	14,00	7,90	30,07
Dinaipur Ruhen . . .	6	32,86	5	5	32,96
Dacca Aricha . . .	26	3,05	25	..	3,30
Kalukhali-Kamarkhali Bha- teapara . . .	16,00	33,21	22,00	4,60	59,81
Nawabganj Abdulpur .	3,05	83,45	80	22	84,47
Purnea Murliganj includ- ing Behariganj branch .	22	30,56	30	17	31,03
Total .	28,07	2,31,03	38,00	13,20	2,82,23
East Indian Railway—					
Central Indian Coal- fields . . .	4,46	3,99,18	1,00	..	4,00,18
Calcutta Chord . . .	71,21	2,79,91	40,00	4,82	3,24,73
Lucknow Sultanpur Zafar- abad . . .	30,13	64,82	28,00	7,50	1,00,32
Unao-Madhoganj . . .	5,45	31,31	1,50	..	32,81
Chandpur-Bijnor Muazzam- pur Narian branch .	1,28	24,03	1,50	..	25,53
Total .	1,12,53	7,99,25	72,00	12,82	8,83,57

BUDGET FOR 1932-33.

APPENDIX II—*contd.*

(Figures in thousands of rupees.)

RAILWAYS.	Accounts, 1930-31.	To end of 1930-31.	Revised Estimate, 1931-32.	Budget Estimate, 1932-33.	To end of 1932-33.
LINES UNDER CONSTRUCTION—<i>contd.</i>					
State Railways managed by State— <i>concl'd.</i>					
Great Indian Peninsula Rail- way—					
Agra Bah	—17	28,78	..	..	28,78
Darwha-Pushad . .	14,04	25,86	5,80	..	31,66
Kartal Kamasin . .	7	2,43	5	..	2,48
Nasik Belapur Sheo- gaon	4	1,25	..	..	1,25
Khamgaon-Chikli . .	15	2,02	5	..	2,07
Hiwar—khed-Akot-Akola Bassim (late Khandwa Hingoli)	7	3,06	5	..	3,11
Amraoti Narkhed . .	7	1,08	5	..	1,11
Total	14,27	64,46	6,00	..	70,46
North Western Railway—					
Amritsar Narowal . .	39	61,69	—10	..	61,59
Kangra Valley . . .	1	2,94,48	20	52	2,95,20
Shahdara Narowal . .	62	28,78	..	..	28,78
Jassar Shakargarh Chak Amru	..	16,01	..	..	16,01
Rohtak Gohana Pani- pat	..	24,54	..	..	24,54
Lyalpur Jaranwala . .	1	15,40	20	..	15,60
Chak Jhumra Chiniot .	18	19,09	—5	..	19,04
Khushab Chiniot . .	17,60	1,26,49	4,00	30	1,30,79
Lyalpur Chananwala .	—6,61	10,62	..	..	10,62
Sind Left Bank Fee- ders	38,79	67,47	16,00	55	84,02
Batala Beas	—1,26	14,78	—5	..	14,73
Kalabagh Bridge . .	13,03	42,23	6,80	14	49,17
Strategic Lines . . .	—14	3,82,52	1,00	..	3,83,52
Suspense	—2	1	..	..	1
Total	62,60	11,04,11	28,00	1,51	11,33,62
Total State Railways managed by State	2,30,52	25,82,15	1,62,85	67,11	28,12,11

APPENDIX II—*contd.*

(Figures in thousands of rupees.)

RAILWAYS.	Accounts, 1930-31.	To end of 1930-31.	Revised Estimate, 1931-32.	Budget Estimate, 1932-33.	To end of 1932-33.
LINES UNDER CONSTRUCTION—<i>contd.</i>					
State Railways managed by Companies or Indian States—					
Assam Bengal Railway—					
Sibsagar Road Kha- wang	—1	31,78	..	..	31,78
Furkating Badulipara Jorhat	38	31,61	10	..	31,71
Karimganj Longai Valley	67	32,10	70	..	32,80
Netrakona Mohan- ganj	25	19,43	50	18	20,11
Habiganj Shaistaganj Balla	18	20,54	20	..	20,74
Senchoa Mairabari . .	1,87	22,27	—65	..	21,62
Feni Belonia	42	13,45	15	..	13,00
Chittagong Nazirhat . .	1,78	20,31	50	82	21,63
Chittagong Dohazari . .	19,66	43,22	6,25	50	49,97
Megna bridge at Bhadrab	..	1	1,25	..	1,26
Total .	25,20	2,34,72	9,00	1,50	2,45,22
Bengal Nagpur Railway—					
Raipur Vizianagram . .	1,14,03	4,10,90	65,00	22,17	4,93,07
Guttitangar Branch . .	1	2,05	..	..	2,05
Total .	1,14,04	4,12,95	65,00	22,17	5,00,12

BUDGET FOR 1932-33.

APPENDIX II—*contd.*

(Figures in thousands of rupees.)

RAILWAYS.	Accounts, 1930-31.	To end of 1930-31.	Revised Estimate, 1931-32.	Budget Estimate, 1932-33.	To end of 1932-33.
LINES UNDER CONSTRUCTION—<i>contd.</i>					
State Railways managed by Companies or Indian States— <i>contd.</i>					
Bengal and North-Western Railway—					
Mashrak Thawe . . .	7,82	19,29	3,00	..	22,29
Madras and Southern Mah- ratta Railway—					
Nidadavolu Narasapur .	—13	68,90	..	..	68,90
Cocanada Kotepall . .	—1,09	41,83	60	..	42,43
Gudivada Bhimavaram .	—7	40,66	5	..	40,71
Hotgi Sholapur . . .	33	7,88	..	..	7,88
Kannivihalli Swamihalli	6	5,82	..	..	5,82
GunturGurzala Macheria	1,71	45,99	35	..	46,34
Total .	81	2,11,08	1,00	..	2,12,08

APPENDIX II—*contd.*

(Figures in thousands of rupees.)

RAILWAYS.	Accounts, 1930-31.	To end of 1930-31.	Revised Estimate, 1931-32.	Budget Estimate, 1932-33.	To end of 1932-33.
LINES UNDER CONSTRUCTION — <i>contd.</i>					
State Railways managed by Companies or Indian States — <i>contd.</i>					
South Indian Railway—					
Villupuram Trichinopoly	4,74	1,98,40	3,75	2,88	2,05,03
Virudunagar Tenkasi .	54	68,92	15	..	69,07
Shoranur Nilambur .	1,31	80,81	15	..	80,96
Dindigul Pollachi . .	48	78,86	2,35	1,01	82,22
Trichinopoly Manama- dura.	12,00	1,10,47	1,90	52	1,12,89
Mayavaram Tranquebar	49	21,29	15	..	21,44
Madura Bodinayakanur	—	53,48	15	82	54,45
Vriddhachalam Cudda- lore	1,09	26,34	70	95	27,99
Salem Attur Vriddha- challam	18,96	73,68	9,90	1,67	85,25
Pollachi Palghat . .	10,33	36,42	11,00	2,87	50,29
Salem Mettur Dam .	—34	12,93	5	..	12,98
Total .	49,60	7,61,60	30,25	10,72	8,02,57

APPENDIX II—*concl.*

(Figures in thousands of rupees.)

RAILWAYS.	Accounts, 1930-31.	To end of 1930-31.	Revised Estimate, 1931-32.	Budget Estimate, 1932-33.	To end of 1932-33.
LINES UNDER CONSTRUCTION—<i>concl.</i>					
State Railways managed by Companies or Indian States— <i>concl.</i>					
Nizam's Guaranteed State Railways—					
Dhone (Dronachalam) Kurnool Extension .	—51	14,88	15	..	15,03
Total State Rail- ways managed by Companies or Indian States	1,96,96	16,54,52	1,08,40	34,39	17,97,31
Total Lines under Construction . . .	4,27,48	42,36,67	2,71,25	1,01,50	46,09,42
Total Open Lines and Constructions .	13,19,87	7,82,62,98	8,37,00	4,14,00	7,95,13,98
For emergencies .	..	..	..	6,00	6,00
Purchase of Branch Line shares, etc. . . .	1,00	54,76	..	..	54,76
Emergency deductions from pay	..	..	—2,00	—5,00	—7,00
Total Capital Expenditure .	13,20,87	7,83,17,74	8,35,00	4,15,00	7,95,67,74

APPENDIX III.

Gross receipts, working expenses, and net receipts of State-Owned Railways.**Gross Receipts.**

(Figures in thousands of rupees.)

STATE RAILWAYS.	ACCOUNTS.					Revised Estimate, 1931-32.	Budget Estimate, 1932-33.
	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.		
	M.	M.	M.	M.	M.	M.	M.
Open mileage at end of year	28,004	28,426	29,451	31,218	31,489	31,895	32,068
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
State Railways managed by the State—							
Burma	4,60,77	5,03,25	4,95,06	4,87,13	4,27,81	3,51,00	3,56,00
Eastern Bengal	6,71,97	7,00,20	7,02,83	6,73,07	5,86,01	5,06,00	5,17,00
East Indian	19,65,38	20,43,76	20,31,24	19,85,18	18,24,30	17,08,45	18,05,50
Great Indian Peninsula	14,70,48	15,08,90	15,30,26	14,58,35	13,33,36	12,38,00	12,61,00
North-Western—Commercial Lines	14,03,60	14,88,48	14,22,70	14,39,21	14,97,96	12,83,00	13,15,00
Strategic Lines	1,53,45	1,60,40	1,66,65	1,58,81	1,47,49	1,32,00	1,35,00
State Railways managed by Companies or Indian States—							
Assam Bengal	1,76,00	2,04,90	2,07,19	2,05,24	1,96,05	1,85,55	1,87,50
Bengal Nagpur	8,19,85	9,15,57	9,12,37	9,31,44	8,17,01	7,05,00	7,20,00
Bombay, Baroda and Central India	11,25,97	11,33,56	11,85,90	11,51,68	10,89,60	10,40,00	10,47,00
Madras and Southern Mahratta	8,12,24	8,63,76	9,19,96	8,97,54	7,98,21	7,90,00	8,03,00
South Indian	5,48,91	5,80,13	5,63,24	6,32,74	5,79,96	5,38,00	5,51,00
Other Railways	2,33,64	2,39,90	2,35,19	2,49,89	2,11,90	1,98,00	2,02,00
Total	98,42,26	1,03,42,81	1,03,72,68	1,03,70,28	95,09,66	86,75,00	89,00,00

APPENDIX III—*contd.*

Working Expenses.

(Figures in thousands of rupees.)

STATE RAILWAYS.	ACCOUNTS.					Revised Estimate, 1931-32.	Budget Estimate, 1932-33.
	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
State Railways managed by the State—							
Burma	2,83,17	2,94,33	3,21,73	3,05,36	3,12,59	2,80,96	2,77,45
Eastern Bengal	4,40,24	4,51,64	4,68,97	4,70,70	4,65,73	4,19,87	4,27,90
East Indian	11,90,24	11,92,01	12,17,48	12,42,14	12,24,40	11,28,48	11,28,35
Great Indian Peninsula	10,32,67	9,77,25	10,03,89	10,19,72	10,45,78	9,20,90	9,12,50
North-Western—Commercial Lines	9,49,37	9,89,36	10,01,28	10,63,78	11,29,53	10,16,90	10,06,75
Strategic Lines	1,86,72	1,94,67	1,98,60	2,08,83	2,18,58	1,92,00	1,89,00
State Railways managed by Companies or Indian States—							
Assam Bengal	1,12,66	1,20,72	1,26,87	1,40,14	1,41,33	1,40,60	1,40,00
Bengal Nagpur	5,58,11	6,21,06	6,29,49	6,74,84	6,67,25	6,04,73	6,16,00
Bombay, Baroda and Central India	7,21,24	7,08,32	7,37,80	7,40,25	7,47,28	6,76,05	6,64,50
Madras and Southern Mahratta	4,76,82	4,75,33	4,85,60	4,84,86	4,75,89	4,51,12	4,44,05
South Indian	3,04,69	3,13,26	3,23,20	3,44,12	3,56,94	3,29,82	3,49,70
Other Railways	1,22,07	1,04,99	1,06,48	1,23,19	1,25,87	1,21,57	1,13,80
Credit from Depreciation Fund being net result of correction of certain past erroneous adjustments	..	..	..	..	—1,65,70	..	..
Total	63,78,00	64,43,44	66,21,39	68,17,93	67,45,47	62,83,00	62,70,00

APPENDIX III—*concl'd.*

Net Receipts.

(Figures in thousands of rupees.)

STATE RAILWAYS.	ACCOUNTS.					Revised Estimate, 1931-32.	Budget Estimate, 1932-33.
	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
State Railways managed by the State—							
Burma	1,77,60	2,08,92	1,73,33	1,81,77	1,15,22	70,04	78,55
Eastern Bengal	2,31,73	2,48,56	2,33,86	2,02,37	1,20,23	86,13	89,10
East Indian	7,75,14	8,51,75	8,13,76	7,43,04	5,99,90	5,79,97	6,77,15
Great Indian Peninsula	4,37,81	5,31,65	5,26,37	4,38,63	2,87,58	3,17,10	3,48,50
North Western—Commercial lines	4,54,23	4,98,62	4,21,51	3,75,43	3,68,43	2,66,10	3,08,25
Strategic lines	—33,27	—34,27	—31,95	—50,02	—71,09	—60,00	—54,00
State Railways managed by Companies or Indian States—							
Assam Bengal	63,34	84,18	80,32	65,10	54,72	44,95	47,50
Bengal Nagpur	2,61,74	2,94,51	2,82,88	2,56,60	1,49,76	1,00,27	1,04,00
Bombay, Baroda and Central India	4,04,73	4,25,24	4,48,10	4,11,43	3,42,32	3,63,95	3,82,50
Madras and Southern Mahratta	3,35,42	3,88,43	4,34,36	4,12,68	3,22,32	3,38,88	3,58,95
South Indian	2,44,22	2,66,87	2,40,04	2,85,62	2,23,02	2,08,18	2,01,30
Other Railways	1,11,57	1,34,91	1,28,71	1,26,70	86,03	76,43	88,20
Credit from Depreciation Fund being net result of correction of certain past erroneous adjustments	..	..	..	..	1,65,70	..	..
Total	34,64,26	38,99,37	37,51,29	34,52,35	27,64,19	23,92,00	26,30,00

BUDGET FOR 1932-33.

APPENDIX IV.

Statement showing gain or loss in working of State-Owned Railways.

(Figures in thousands of rupees.)

	Accounts.					Revised Estimate, 1931-32.	Budget Estimate, 1932-33.
	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.		
Commercial Lines.							
Receipts.							
Passenger Earnings .	34,79,17	35,73,35	34,72,00	35,18,63	31,18,40	28,50,00	28,85,00
Other Coaching Traffic Earnings.	6,06,96	6,17,17	6,03,19	5,68,69	5,28,60	5,00,00	5,00,00
Goods Earnings .	61,48,94	65,34,09	66,89,01	64,37,06	59,83,70	55,00,00	55,75,00
Other Earnings (a) .	1,71,42	1,98,77	2,08,89	2,18,74	1,95,35	1,70,00	1,70,00
Credit for materials released from works chargeable to Depreciation Fund .	..	..	..	..	..	..	1,20,00
Total .	1,04,06,49	1,09,23,38	1,09,73,09	1,07,43,12	98,26,05	90,20,00	92,50,00
Deduct—							
Refunds of revenue	(b) 35,03	13,55	15,33	14,52	11,38	12,00	12,00
Worked Lines .	6,76,85	7,18,06	7,26,71	6,47,30	4,98,75	4,65,00	4,73,00
Suspense .	—5,80	—9,36	—25,02	30,17	46,25	..	..
Net total .	96,88,81	1,01,82,41	1,02,06,03	1,01,11,47	93,62,17	85,43,00	87,65,00
Government share of profits, etc., from subsidised companies	39,72	35,60	38,84	58,71	20,36	19,00	18,00
Interest on Depreciation and Reserve Fund Balances.	62,52	79,86	1,04,13	1,24,57	1,26,86	90,15	80,65
Dividends on investments in Branch lines and other Miscellaneous receipts.	4,75	8,17	11,57	21,46	20,92	15,50	6,50
Total Receipts .	97,95,80	1,03,06,04	1,03,60,57	1,03,16,21	95,30,31	86,67,65	88,70,15

(a) The figures for hire charge and other payments from Railways have been shown as reduction of Working Expenses.

(b) The refunds of Revenue include remission of earnings also.

APPENDIX IV—*contd.*

(Figures in thousands of rupees.)

	Accounts.					Revised Estimate, 1931-32.	Budget Estimate, 1932-33.
	1926-27.	1927-28.	1928-29	1929-30.	1930-31.		
Commercial Lines— <i>contd.</i>							
Charges.							
Administration . .	12,74,26	13,11,43	13,85,43	14,02,99	14,50,81	14,30,00	12,18,00
Repairs and Main- tenance.	17,64,54	17,52,30	17,57,26	17,78,64	15,25,01	13,53,00	15,24,00
Operation (a) . .	24,37,53	24,32,25	25,15,41	25,39,19	25,49,88	23,01,00	24,62,00
Depreciation . .	10,53,14	11,00,86	11,60,47	12,17,95	12,64,38	13,00,00	13,25,00
Suspense . . .	—5,67	2,97	—32,44	—15	2,60	19,50	—
Emergency deductions from pay.	—	..	..	..	..	—77,50	—2,30,00
Payment to Income- tax Department in respect of railway staff exempted from surcharge.	..	..	..	..	..	..	22,00
Total .	65,23,80	65,99,81	67,86,13	69,38,62	67,92,68	63,26,00	63,21,00
Deduct—							
Worked Lines .	3,32,52	3,51,04	3,63,35	3,29,52	2,65,79	2,35,00	2,40,00
Working Expenses .	61,91,28	62,48,77	64,22,78	66,09,10	65,20,89	60,91,00	60,81,00
Surplus profits paid to Indian States and Railway Cos.	1,65,56	1,57,14	1,59,14	1,51,98	1,16,30	82,75	80,00
Interest charges .	24,55,35	25,93,05	27,91,14	29,05,96	31,24,64	31,80,17	32,23,07
Miscellaneous charges	70,52	53,44	34,57	58,01	67,89	58,10	46,40
Total charges .	88,82,71	90,52,40	94,07,63	97,25,05	98,35,72	94,12,02	94,30,47
Gain from Commercial lines.	9,13,09	12,53,64	9,52,94	5,91,16	—3,05,41	—7,44,37	—5,60,32

(a) The figures for hire charges and other payments from Railways have been shown as reduction of Working Expenses.

BUDGET FOR 1932-33.

APPENDIX IV—concl'd.

(Figures in thousands of rupees.)

	Accounts.					Revised Estimate, 1931-32.	Budget Estimate, 1932-33.
	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.		
Strategic Lines.							
Receipt.							
Gross Traffic Receipts	1,53,45	1,60,40	1,66,65	1,58,81	1,47,49	1,32,00	1,35,00
Interest on balances of Depreciation Fund.	1,40	1,62	2,07	3,09	5,82	5,53	4,50
Total Receipts	1,54,85	1,62,02	1,68,72	1,61,90	1,52,81	1,37,53	1,39,50
Charges.							
Working expenses	1,51,28	1,57,98	1,59,33	1,67,80	1,76,43	1,51,50	1,51,00
Depreciation	35,44	36,69	39,28	41,03	42,15	43,00	45,00
Emergency deductions from pay.	..	..	..	..	..	—2,50	—7,50
Payment to Income- tax Department in respect of railway staff exempted from surcharge.	..	..	..	..	..	..	50
Net Working expenses	1,86,72	1,94,67	1,98,61	2,08,83	2,18,58	1,92,00	1,89,00
Interest charges	1,31,35	1,34,03	1,41,81	1,40,09	1,46,91	1,47,92	1,48,57
Miscellaneous	21	2,06	30	50	69	32	40
Total charges	3,18,28	3,30,76	3,40,72	3,49,42	3,66,18	3,40,24	3,37,97
Net loss in Working Strategic lines.	1,63,43	1,68,74	1,72,00	1,87,52	2,13,37	2,02,71	1,98,47
Net gain on State Railways.	7,49,66	10,84,90	7,80,94	4,03,64	—5,18,78	—9,47,08	—7,58,79
Contribution to Gen- eral Revenues.	6,01,13	6,27,83	5,23,20	6,11,86	5,73,57	..	..
Railway Reserve Fund	1,48,53	4,57,07	2,57,74	—2,08,22	—10,92,35	—4,95,06	..
Railway Depreciation Fund.	..	..	..	..	..	—4,52,02	—7,58 79

PART II.
General Budget.

BUDGET FOR 1932-33.

Speech of the Finance Member Introducing the Budget for 1932-33.

INTRODUCTORY.

Sir, I rise to present the Budget 1932-33 in circumstances which are somewhat unusual. The House is already familiar—almost painfully familiar—with the main features of the present financial situation, and a special occasion has already been taken to ask for the supplies which six months ago we considered to be necessary in order to carry us safely through next year. As His Excellency the Governor General has already announced, we do not propose to ask the House at the present stage to approve any extensions or modifications of the plan for raising revenue which we put forward last September. A Budget speech must therefore lack much of the interest which normally attaches to it. Nevertheless a very important part of the financial business still remains to be performed—the voting of the actual grants for expenditure—while the occasion is an appropriate one for attempting a general review of the financial position. I should indeed be failing in my duty if I did not utilise this occasion to the full—for on the occasion of the emergency session it was impossible to put forward really accurate estimates of expenditure or to deal fully with a most important part of Government finance—the Ways and Means position.

I must therefore ask Honourable Members to bear with me at some length on the present occasion, even though my speech may lack the interest—real even if painful—of an occasion for proposing new taxation.

2. *General Economic Position.*—I shall not attempt any exhaustive review of economic conditions, but a picture for the current year can be drawn in a few lines. Generally speaking the monsoon was favourable, and India has had quite a normal year as regards agricultural production. Yet her exports and imports have fallen in value to a bare half of what they were two years ago. Exports of merchandise for the first 10 months of the current year amounted in value to Rs. 134½ crores as against Rs. 265 crores for the first 10 months of 1929-30, while the value of merchandise imported has fallen from 201 to about 105 crores. These are staggering figures, and indicate the extent to which our present difficulties are due to low prices produced by world conditions. The most striking falls in exports for the period mentioned are in Jute and Jute products which have fallen from Rs. 69 crores to Rs. 28½, and raw cotton which have fallen from just under 51 crores to 20½, while as regards imports, the most notable cases are cotton manufactures which have fallen from 1967 to 15·86 crores, and sugar which has fallen from 13·8 to 4·9 crores.

Nevertheless, in spite of this enormous fall in the value of trade, a favourable trade balance, if movements of Treasure are included, for the first 10 months of this year is Rs. 71 crores as compared with Rs. 13 crores for 1929-30. Here is the significance of the export of gold.

As an indication of our higher rates of taxation I may remind the House that this year we have collected for the 10 months about Rs. 29 crores of import duties on Rs. 105 crores of imports, as compared with about Rs. 33 crores of duties on Rs. 201 crores of imports for 1929-30.

These are the salient facts in the situation. They tell their own story, and provide the clue to the whole of the account of our finances which I have now to give.

If Honourable Members wish to study the position more closely I would add that, following the practice which I initiated last year, I am circulating a full report by the Director General of Commercial Intelligence and Statistics reviewing the trade statistics for 1931. I trust that this will be found of value.

3. *Last year, 1930-31.*—I will deal very briefly with last year's accounts. The actual results have shown a substantial improvement on the revised estimates which I gave last year. Revenue proved actually Rs. 84 lakhs larger than I expected and expenditure Rs. 26 lakhs less, so that the total result was Rs. 1,10 lakhs better—the actual deficit being Rs. 11·58 crores instead of Rs. 12·68 as anticipated.

REVISED ESTIMATES FOR 1931-32 AND BUDGET PROSPECTS FOR 1932-33.

4. Turning now to the position for the current year, and the prospects for next year, I need not remind Honourable Members of the circumstances in which we were forced during last September to undertake *interim* measures to fortify our budgetary position. According to our estimates at that time we should, on the existing basis of taxation, have had to face deficits of over 19 crores in each of the years 1931-32 and 1932-33. We hoped by our new measures of retrenchment and taxation to reduce the deficit for the current year to Rs. 10·17 crores, and for next year—when the effects of retrenchment would be fully felt and with the new rates of taxation applicable for a whole year—to realise a surplus of Rs. 5·23 crores.

But I emphasised in presenting the estimates in September that they could not, in the extremely uncertain circumstances then prevailing, be regarded as more than guesses, and that we looked to the estimated surplus for next year mainly as a reserve margin against this uncertainty. The actual Customs returns for the months since last September have made it necessary for us to revise our estimates.

As a result we now allow for a deterioration in the figures by about 3 crores for each year, and we anticipate that the current year will close with a deficit of 13·66 crores and that the surplus for 1932-33 will be Rs. 2·15 crores. This surplus of 2·15 crores, based as it is on severely reduced estimates of revenue, we regard as providing a reasonable margin of safety.

I would remind the House also of another consideration. For this year and next year combined we are providing from Revenue no less than 13·71 crores for Reduction or Avoidance of Debt. This of course in no way represents recurrent expenditure. Moreover in our case a provision for writing off our debt is a measure of a specially conservative nature, seeing that practically the whole of our debt is covered by productive undertakings, which themselves make adequate financial provision against depreciation of the value of their capital assets. The matter may therefore be looked

at in this way. If we combine the results for this year and next year our estimates show a net deficit of 11·51 crores. But as this is arrived at after providing 13·71 crores for Reduction of Debt, our recurrent receipts for the two years will exceed our recurrent expenditure by 2·20 crores.

If this result is achieved over two years of unexampled depression when practically every Government in the world is having to show very heavy deficits, we may, I think, justifiably regard the Indian financial position as comparatively sound.

Comparison of present Estimates with September Forecasts.

5. I will not attempt any detailed comparison of the present figures with the forecasts which I gave in September. The latter did not profess to be more than rough approximations, and we were not able to present detailed estimates under the various account heads.

The comparisons between the two may be broadly summarised as follows. As regards the current year we are reducing our estimates by Rs. 5 crores on Customs and Rs. 1 crore on Income-tax, and as against this we are reckoning on a net improvement under other heads of about Rs. 2½ crores. This leaves a deterioration of about Rs. 3½ crores, or, to be exact, Rs. 3,49 lakhs, which, added to our estimated deficit of Rs. 10.17 lakhs, brings the total to Rs. 13,66 lakhs.

	Lakhs.
For next year we are reducing our estimates for tax revenue and Opium receipts by	4,58
While the net result under other heads shows an improvement of	1,50
The net deterioration on balance is thus	3,08
Which deducted from the previously estimated surplus of 5,23 lakhs gives a surplus of	2,15

The main improvement in the case of both years occurs under the Finance heads, and this is mainly due to the improvement in the Government's position as currency authority owing to the increased demand for currency.

ANALYSIS OF PRESENT ESTIMATES.

6. Having thus briefly summarised the main differences between the September forecasts and our present estimates, I must turn to a fuller exposition of the latter.

The broad picture may be presented as follows. So far as gross revenue and expenditure are concerned:

	In crores of Rupees.	
	Revenue.	Expendi- ture.
The results for 1930-31 are	124·60	136·18
Our Budget Estimate for 1931-32 was	134·87	131·86
Our Revised Estimate for 1931-32 is	120·77	134·43
Our Budget Estimate for 1932-33 is	129·96	127·81

I must, while giving these figures, remind the House that as they include gross interest payments and the counterbalancing receipts from commercial departments, they do not show the true picture as regards reduction in administrative expenditure.

I will now explain the position more fully as regards the main heads of Revenue and Expenditure.

REVENUE, 1932-33.

7. Customs—

	Lakhs.
The actual revenue (less refunds) for 1930-31 was	46,81
The Budget Estimate for 1931-32 was	56,46
The Revised Estimate for 1931-32 is	46,23
The Budget Estimate for 1932-33 is	52,31

The Budget estimate for next year is thus 4,15 lakhs less than the current budget estimate in spite of the fact that the increased and new duties imposed by the Supplementary Finance Act were expected to bring in additional revenue of 9½ crores.

8. The main deterioration as compared with the current budget occurs under the heads of sugar, silver, cotton piecegoods and liquors. These require special mention.

The decrease in imports of sugar has been the most important single factor in upsetting our estimates. On the basis of the past five years' consumption it seemed that until the beginning of the current year a quantity of about 850,000 tons could be regarded as a normal figure for imports, excluding the sugar which enters over the land customs line at Viramgam. As against this we now in fact only reckon for the current year on imports of about 475,000 tons and about 500,000 tons for next year. This decrease may be partly accounted for by the increase in Indian production—a subject to which I shall return again—but it is mainly due to decrease of purchasing power.

As it may be argued that the increased duties have themselves been responsible for reduced consumption, I give the following figures which are interesting. In the first place the actual cost to the consumer, in spite of the recent increases in import duty, has on the whole declined over the last few years. The wholesale price including duty averaged about Rs. 312 per ton for 1926-27

289 per ton for 1927-28
273 per ton for 1928-29
258 per ton for 1929-30
237 per ton for 1930-31
255 per ton for the first six months of 1931-32.

For the five years from 1926-27 to 1930-31 the average amount of cash spent on the imports of sugar including the duty averaged about Rs. 23 crores, and this average kept up even till 1930-31, when the present crisis had begun.

Now, however, for 1931-32 and 1932-33 on the quantities and prices which we have allowed for in our estimates the total amount of cash spent on imported sugar *plus* duty will only be about Rs. 12½ crores and Rs. 14½ crores respectively.

These figures indicate that it is a falling off in purchasing power and not any rise in the price of sugar brought about by our increased duties which has mainly affected consumption. Our estimates had allowed for a substantial decrease in consumption, but not so large as we feel we must now face. Under this head we are in fact down by Rs. 3,56 lakhs

for the current year, and 2.16 for next year, as compared with the original budget estimates for 1931-32 on the basis of customs duties without the surcharge.

Silver, again, is an important factor in the decrease. For 1930-31 the duty actually collected was Rs. 2.33 lakhs, but for next year with the increased duty we are not counting on more than Rs. 1.60 lakhs. The former represented imports of 111 million ounces and next year's estimates only allow for 34 million ounces.

Apart from sugar or silver another most disappointing head has been cotton piecegoods. Here as compared with the 1931-32 Budget we are down in the current year by 1.96 lakhs and next year by 1.86 lakhs. Again in the case of liquors, we have had to reduce our estimate for the current year by 88 lakhs, and for next year by 79 lakhs, as compared with the Budget estimate for 1931-32.

Results from New Import Duties.

9. It may be interesting at this point to add some comments on the operation of the new customs duties imposed in the Emergency Finance Bill of last September.

10. *Import Duty on Machinery.*—The new duty of 10 per cent. on machinery produced for the four months to end of January 1932 Rs. 35 lakhs and is estimated to produce up to March 31st a total of 49 lakhs, and for 1932-33 Rs. 1.00 lakhs. This compares with the estimates furnished in September of Rs. 52 lakhs for the current year and Rs. 1.03 lakhs for next year. On the current year's results it is therefore making a satisfactory showing in comparison with our estimates.

11. *Import duty on Raw Cotton.*—As regards the new import duty of $\frac{1}{2}$ anna per pound on raw cotton, we have had to be more cautious in our present estimates and to reduce substantially the figures from those anticipated at the time of the Emergency Finance Bill. Here we are now only counting on Rs. 16 lakhs for the current year and Rs. 32 lakhs for next, as compared with our original estimates of Rs. 43 lakhs and Rs. 87 lakhs respectively. Our reduced figures are based on estimates of imports of about 22,800 tons in the last six months of the current year (making a total for the year of about 72,000 tons) and of about 46,000 tons for next year. The need for caution in estimating was brought out by the fact that imports in the first three months after the duty was imposed fell to 6,500 tons as against 10,600 tons in the corresponding period of the previous year. The total quantity imported in the previous year was 58,000 tons. Taking these facts into account together with the shortage of this season's Indian crop and the present activity of the Indian mills, the figures on which we have now based our estimates for next year may be regarded as providing a distinct margin of safety.

As regards the general effects of the duty a precise estimate is difficult just now owing to the presence of a number of abnormal complicating factors.

Conditions in the world's cotton market have been abnormal, and this may equally be said of local conditions in India, as there has been a shortage of production owing to unfavourable weather conditions, with a resultant rise in prices for grades which are primarily exported and not affected by the import duty. Expert opinion, however, agrees that the imposition of the duty has been responsible for a definite improvement

in the prices paid for staple cotton. The shortage of the Indian crop has been offset by a bumper crop in America, and it seems very probable that had the duty not been imposed American cotton would have been imported at cheap rates to the detriment of Indian agricultural interests. It is fortuitous circumstances of this kind that have been mainly responsible in the past for large imports of American or Egyptian cotton, where these have taken place; while it seems unlikely that the steady demand from Bombay for East Africans will be seriously dislocated by the duty. It is, of course, too soon to trace the effect of the duty on the actual development of the production of staple cotton in India, but I am confident that all interests concerned will soon realise that the import duty will do much to accelerate this desirable development. A particularly interesting point is that for progress on these lines it is reasonable to look towards the area that will be developed by irrigation from the recently completed Sukkur barrage. The general conclusion is that the effects of this duty have been definitely favourable to Indian interests.

12. *Import duty on Dyes.*—The other new duty imposed in September was on dyes. Here we now expect to get 20 lakhs next year against our September estimate of 17.

13. These three new import duties (on machinery, cotton and dyes) are therefore now expected to produce altogether 1,52 lakhs against our first estimate of 2,07—but, as I have said, the present provision allows for a very cautious estimate as regards cotton.

	Lakhs.
14. <i>Taxes on Income</i> —	
The actual revenue (less refunds and share of Provincial Governments) for 1930-31 was	16,00
The Budget estimate for 1931-32 was	17,41
The Revised estimate for 1931-32 is	17,30
The Budget estimate for 1932-33 is	18,73

My present estimate of 18,73 lakhs for next year includes a payment of 23 lakhs by Railways, already referred to in the Railway budget. The House will recollect that according to our proposals for cuts in pay the new income-tax charges estimated in September were to be merged in the cut. This really had the effect that a Government employee was to be subject to a deduction of 10 per cent. made up of cut in pay *plus* income-tax combined. In the case of ordinary Government officials the whole of the deduction is treated as a cut in pay. But in the case of Railway employees we have decided for various reasons—chiefly connected with the position of the Company Railways—to treat them as meeting this deduction partly by way of the new income-tax charged and partly by way of cut. Therefore in the case of the Railway officials, Rs. 23 lakhs of the total deductions which they suffer by way of cut and tax combined is treated as income-tax receipts.

Excluding this special item of 23 lakhs, my present estimate for next year is only 1,06 lakhs more than the Budget estimate for the current year in spite of the fact that the increase in the rates of income-tax and the levy of income-tax for the first time on incomes between Rs. 2,000 and Rs. 1,000 were expected to yield an additional revenue of 3½ crores. We have therefore made substantial allowance for deterioration in the general conditions of business in the current year.

Effect of recent increases and extensions of Income-tax.

The supplementary and extending Finance Act lowered the minimum income liable to income-tax from Rs. 2,000 to Rs. 1,000 and imposed a surcharge of 12½ per cent. in the current year on all rates of income-tax and super-tax. Unlike the changes in customs duty, these provisions only took effect when the Act actually became law, that is to say at the end of November last. So far as the taxation of the lower incomes in particular was concerned, extensive additions to our staff had then to be made to cope with the additional work. Some delay was inevitable in organising the new staff and in effecting the new processes of assessment. We have therefore not yet conclusive evidence as to what the yield of the taxation of the lower incomes will be in the current year. It is hardly probable that the assessments will all be completed in the short time that remains while it is of course quite certain that the whole demand will not be collected this year. This will mean no more than throwing forward some of the revenue due on account of the current year into next year, and this has been allowed for in our estimates.

The imposition of the surcharge on assessments already made was of course a far simpler matter than the invasion of the new field of taxation offered by lower income, and here we anticipated a yield for the current year of Rs. 1,74 lakhs. Up to the end of January the demand on this account was Rs. 1,16 lakhs and collections Rs. 62 lakhs.

Income-tax Evasion.

There is one further point to which I must allude in dealing with income-tax. In my reply to the speeches made by certain Honourable Members in the course of the debate on the supplementary Finance Bill, which indicated a belief that evasion of income-tax was widespread and serious, I promised to enquire into the matter and endeavour to ascertain the facts.

I have had the whole subject reviewed and have taken stock of the weapons in our armoury to see whether due use was made of the powers which we have got and whether they required to be reinforced. I also invited suggestions, both in regard to evidence of evasion and in regard to measures for dealing with it, from the business community. On the first point, I cannot say that we have received any enlightenment. As to the second, while the response has not overwhelmed me, suggestions, for which I am grateful, have been elicited that merit consideration and will receive it. As a result of these suggestions and our own reflections we are feeling our way towards certain methods that I trust will prove valuable. In regard to their precise nature I am sure that the House will appreciate my motives for reticence. In vain is the net spread in the sight of the bird.

Lakhs.

15. *Salt revenues—*

The actual revenue (less refunds) for 1930-31 was	6.83
The Budget estimate for 1931-32 was	7.05
The Revised estimate for 1931-32 is	8.48
The Budget estimate for 1932-33 is	9.43

I now estimate for an increase of 2.38 lakhs in 1932-33 as compared with the current budget, from the abolition of the Salt Credit System and the surcharge on the duty. In my September forecast I had only allowed

for an improvement of 1.85 lakhs. The further improvement is due to the fact that the figures of salt issues so far in the current year do not indicate any drop in offtake which at one time we considered probable.

Lakhs.

16. *Other Tax revenue—*

The actual revenue (less refunds) for 1930-31 was	1,10
The Budget estimate for 1931-32 was	1,15
The Revised estimate for 1931-32 is	1,05
The Budget estimate for 1932-33 is	88

The fall of 27 lakhs as compared with the current budget is due mainly to the exclusion of the provincial revenues of the North-West Frontier Province.

Lakhs.

17. *Opium revenue—*

The actual revenue (less refunds) for 1930-31 was	2,53
The Budget estimate for 1931-32 was	2,16
The Revised estimate for 1931-32 is	1,98
The Budget estimate for 1932-33 is	1,33

The Budget estimate for 1932-33 is 83 lakhs less than the current budget, the reduction being due partly to our policy of reducing exports and partly to two of the foreign purchasing Governments not taking their quota in 1932. This has been an unexpected factor in worsening our estimates.

Lakhs.

18. *Commercial Departments—*

The actual net revenue for 1930-31 was	4,03
The Budget estimate for 1931-32 was	3,93
The Revised estimate for 1931-32 is	—1,39
The Budget estimate for 1932-33 is	—19

Honourable Members are already familiar with the position as regards the Railway Budget. We do not expect any contribution from Railways either in the current year or the next.

As regards Posts and Telegraphs, the loss in the working of the Department in the coming year, after allowing for the full effect of the retrenchment and taxation measures, is now expected to be about Rs. 16 lakhs. This does not, however, take into account the effect of the recommendations of the Posts and Telegraphs Accounts Enquiry Committee except in one small respect explained in the Finance Secretary's Memorandum. Whether the further recommendations are to be adopted is still under consideration by the Government, and we have announced that if we ultimately reach the conclusion that we ought not to accept any particular recommendations, we shall refer the points of difference for consideration by the Public Accounts Committee. I would, in this connection, remind Honourable Members of what I said in my Statement in this House on the Financial Position on the 29th September last. If all the recommendations of the Committee were accepted, the deficit of about Rs. 16 lakhs would be converted into a surplus of about Rs. 27 lakhs, but that would represent merely an adjustment in the Government accounts and no improvement as regards the financial position of the Government as a whole.

19. *Finance Heads.*—Here we must consider the general Finance headings, Interest receipts, Currency and Mint receipts, Interest on Debt and the provision for Reduction or Avoidance of Debt.

Before dealing in detail with these heads, I would mention that we have this year adopted a change in the accounting procedure in regard to discount on treasury bills, so as to include in the accounts of each year only that portion of the discount which has been earned during the year. In the case of bills issued to the Paper Currency Reserve we have similarly decided to take credit in the accounts of the year for the profit that has actually been earned during the year. The previously existing procedure, under which in the case of the latter class of bills the debit on account of interest was taken in the accounts of one year and the corresponding credit for profit on note circulation in the following year, resulted in an inaccurate presentation of the financial results of the year, especially when the volume of bills outstanding was undergoing fluctuations. Apart from this, a credit on account of Gain on Exchange appears for the first time in the revised estimates of the current year, and is due to the decision to transfer to revenue each year the net credit or debit on account of exchange resulting from the year's transactions, which was hitherto kept in suspense as explained in the Financial Secretary's Memorandum.

20. *Under Interest receipts—*

	Lakhs.
The actual receipts in 1930-31 were	3,38
The Budget estimate for 1931-32 was	2,92
The Revised estimate for 1931-32 is	2,25
The Budget estimate for 1932-33 is	1,80

The fall of over a crore in the budget of the next year as compared with the estimate for the current year is due to two facts. In the first place, we were able to supplement actual receipts in the current year by drawing 58 lakhs from the Gold Standard Reserve Revenue Equalisation Fund—the creation of which I explained in my Budget Speech of February 1930. There will be no balance left in this fund to be drawn upon next year. In the second place the proportion of interest-bearing securities in the fund to gold has now been substantially reduced.

21. *Under Currency and Mint—*

	Lakhs.
The actual net receipts in 1930-31 were	27
The Budget estimate for 1931-32 was	—15
The Revised estimate for 1931-32 is	81
The Budget estimate for 1932-33 is	2,61

The improvement is almost wholly accounted for by the anticipated increased profit on note circulation due to the expansion of currency during the current year against treasury bills. I shall deal with this subject more fully in a later part of my speech. For the present I would remind Honourable Members that this merely represents a restoration of part of the reduction in currency profits which resulted from the much heavier contraction of the preceding two years.

It will be convenient on this occasion, in order to deal fully with the whole field of administrative expenditure to give here also the gross receipts under the heads "Currency and Mint."

	Lakhs.
The actual receipts in 1930-31 were	1,24
The Budget estimate for 1931-32 was	63
The Revised estimate for 1931-32 is	1,85
The Budget estimate for 1932-33 is	3,31

22. *Under Interest payments—*

	Lakhs.
The actual net expenditure in 1930-31 was	11,28
The Budget estimate for 1931-32 was	11,99
The Revised estimate for 1931-32 is	13,14
The Budget estimate for 1932-33 is	13,11

I estimate the total gross payments at 45,95 lakhs for ordinary debt and 8,87 lakhs for other obligations, recoveries from Railways and other Commercial Departments and the Provincial Loans Fund at 41,71 lakhs and total net payments at 13,11 lakhs. The increase in the net interest payments is due partly to the deficits in the years 1930-31 and 1931-32 and partly to the increase of the rate of interest allowed on Provident Fund balances from 5 per cent. in the current year to 5½ per cent. in the next. The increase is partly counterbalanced by a decrease in the interest payable on Railway Depreciation and Reserve Fund balances owing to fact that these have, as Honourable Members are aware, to be heavily drawn on for meeting the deficit in the working of the Railways.

23. *Under Reduction or Avoidance of Debt—*

	Lakhs.
The actual provision in 1930-31 was	6,15
The Budget estimate for 1931-32 was	6,78
The Revised estimate for 1931-32 is	6,89
The Budget estimate for 1932-33 is	6,82

As a large portion of our capital resources during the current year was found from Treasury Bills issued to the Paper Currency Reserve, and as these bills are excluded from the calculation of total debt for purposes of the Debt Redemption Scheme, the provision in 1932-33, instead of showing the usual increase, shows a reduction of 7 lakhs as compared with the Revised estimate for the current year.

24. *Other heads of revenue—*

	Lakhs.
The actual revenue in 1930-31 was	4,12
The Budget estimate for 1931-32 was	3,39
The Revised estimate for 1931-32 is	4,03
The Budget estimate for 1932-33 is	3,00

The deterioration of 39 in 1932-33 as compared with the current budget is chiefly due to the elimination of the provincial revenue receipts of the North-West Frontier Province and to a reduction in the receipts on Reparation account.

25. *Summary of Revenue Estimates.*—To sum up, the Budget for 1932-33 under the heads of Tax Revenue, Net Revenue from Commercial Departments, Opium Revenue and Other Revenue and the Finance headings shows as compared with the current budget:

	In lakhs of Rupees.	
	Better. +	Worse. —
Tax Revenue retained by the Central Government, i.e., excluding the transfer to the Road Fund	..	—88
Net Revenue from Commercial Departments	..	—4,12
Opium Revenue (gross)	..	—83
Finance headings	+41	..
Other revenue	..	—39
	+41	—6,22
	—5,81	

EXPENDITURE ESTIMATES.

26. *Summary.*—I must now turn to the expenditure side, but before going into details I will summarise the position so as to complete the other side of the picture to the Revenue summary which I have just given.

Civil Expenditure—

	Lakhs.
The actual Civil expenditure in 1930-31 was	24,93
The Budget estimate for 1931-32 was	23,34
The Revised estimate for 1931-32 is	22,65
The Budget estimate for 1932-33 is	20,65

Military Expenditure—

The actual Military expenditure (net) in 1930-31 was	54,30
The Budget estimate for 1931-32 was	52,00
The Revised estimate for 1931-32 is	51,76
The Budget estimate for 1932-33 is	46,74

From these figures it will be seen that total Civil and net Military expenditure in 1932-33 is estimated at 67,39 lakhs, which is 11,84 lakhs less than for 1930-31, and 7,95 lakhs less than the current budget.

To complete my comparison between the Budget for the current year and next year—according to the summary which I have given:

	Lakhs.
The reduction in net Receipts under the headings of Tax Revenue, Commercial departments, Finance heads, and other receipts is	5,81
While the net reduction in Civil and Military expenditure is	7,95
Thus accounting for a net improvement of	2,14
As the surplus in the current year's budget was Rs. 1 lakh, the surplus we are estimating in 1932-33 is	2,15

27. In considering the expenditure figures which I have just given I would ask Honourable Members to concentrate on the reduction of 11,84 lakhs from the actuals of 1930-31, for it is over the two years that our Retrenchment work must be assessed. Apart from this, I must point out that the figure of 7,95 lakhs, representing the reduction for next year's as compared with the current year's budget does not represent the full amount of our retrenchment measures.

The following points must be borne in mind in interpreting this figure.

First, it includes nothing for retrenchment measures in the Posts and Telegraphs Department, the results of which are of course merged in the net result on their working account, which is included in the Budget figures, not under Civil expenditure but under the Commercial Department head.

Secondly, the Civil expenditure figures were reduced by an abnormal item in the current year, because the amount for capital expenditure on the commercial departments charged to Revenue was actually a minus-figure owing to receipts of 54 lakhs on the sale of the Indo-European telegraph undertaking. If capital expenditure is excluded from the comparison the reduction in Civil expenditure for 1932-33 as compared with the Budget for 1931-32 is 3,18 lakhs, and the total reduction for Civil and Military expenditure combined is 8,44 lakhs.

Thirdly, there are changes in accounting and otherwise as between the current year and next year which must be taken into account in making a final comparison. These will be explained in the remarks which I have now to make on the retrenchment measures which have been actually effected.

28. *Retrenchment measures.*—I must now give some account of how we have given effect to the Retrenchment programme which was promised on my presentation of the Emergency Finance Bill. On this point I must ask Honourable Members to give their close study to the memoranda which we are circulating. These show in considerable detail how the Retrenchment plans have been worked out under each head of the Demands for Grants. It is only by studying these details that one can understand what is involved and what has been achieved. For my present purpose—unless I were to speak at interminable length—I must confine myself to the broadest outline. I will take Civil and Military expenditure separately.

Civil Expenditure.

29. In my speech on first introducing the Emergency Finance Bill in September I indicated that as regards civil expenditure (including Posts and Telegraphs) we hoped to achieve Retrenchment measures providing for a reduction of Rs. 3,25 lakhs, against which we allowed for terminal charges, compensation, etc., about Rs. 75 lakhs, so that we were reckoning on a net saving of Rs. 2,50 lakhs for next year. I elaborated this estimate somewhat in November, while the general forecast of expenditure which I then gave allowed for certain further reductions. The position which is revealed in the papers which I am now presenting may be summarised as follows:

	Lakhs.
On account of definite measures carried out in accordance with the recommendations of the Retrenchment Committees (for which my previous figure was Rs. 3,25 lakhs) the gross savings now incorporated in the Demands for Grants are	3,45
But on top of this we have insisted on further miscellaneous reductions amounting in all to	88
Thus producing total reductions of	4,33
As against this the cost of terminal charges now comes out at	33
So that the net figure (to be compared with my earlier figure of Rs. 2,50 lakhs) is increased to	4 00

To this must be added the temporary saving on cuts in pay which for Civil heads—including the Posts and Telegraphs—we now put at 1.22 lakhs, instead of my former figure of 1.15.

30. The total saving on Retrenchment and cuts in pay on the Civil side including Posts and Telegraphs is thus 522 lakhs after allowing for terminal charges as against a figure of 365 which I estimated in September. Having arrived at this figure one is confronted by the fact—which perhaps Honourable Members do not always appreciate—that, even in times like this, expenditure cannot stand still, and that there is a constant swelling tide of increasing demands to be kept back. The various Retrenchment Committees working on the budget figures for 1931-32 could not of course make allowance for this.

In the first place there is the automatic increase imposed on our expenditure by the addition of increments to pay under the present time-scale system. This accounts for an unavoidable increase of Rs. 35 lakhs.

On top of this I have to provide for new expenditure under various heads which I will, for my present purpose, divide into two classes:

First, apparent additions to expenditure which do not represent real increases in the net cost of administration.

Secondly, unavoidable new outgoings.

31. Under the first head the following important items may be noted:

Nasik Printing Presses.—Here we are adopting recommendations made both by the General Purposes Sub-Committee and the Public Accounts Committee and in future will show in the accounts the gross figures of expenditure and receipts instead of, as formerly, a net figure of the surplus of receipts over expenditure. This means adding Rs. 22½ lakhs to the expenditure side—which is of course more than balanced by countervailing receipts.

Aden.—The Central Government is now taking over directly the administration of Aden from the Bombay Government. This adds Rs. 5 lakhs to the expenditure side, against which Rs. 6½ lakhs are added to revenue.

Delhi Capital Account.—The Capital account has now been closed down and expenditure on the maintenance of buildings, etc., formerly charged to capital, has now to be borne on revenue. This adds Rs. 17 lakhs to the budgetary expenditure, which is in no sense a new item. Against this there are certain receipts of about Rs. 7 lakhs.

Payments to Travancore and Cochin Durbars.—Here there is an increase shown as expenditure of Rs. 9 lakhs accounted for by the increased share which these two Durbars have to receive from the customs collected at Cochin Harbour. This has to be treated as expenditure, but it is clearly not expenditure in the true sense.

Increased Income-tax Staff.—Again, in this class of expenditure I must mention Rs. 18 lakhs which represents the cost of the additional income-tax staff required for dealing with the 350,000 new assesseees who are brought in by reducing the income-tax limit to Rs. 1,000. This is indeed increased expenditure, but it is of course essential, and is more than balanced by receipts. I would here note that the net increase under Income-tax is only about Rs. 12½ lakhs—the difference being accounted for by retrenchment in the existing staff.

Another item is Rs. 2 lakhs for developments at Khewra salt mine and other Northern India salt sources. This is balanced by our share in the special import duty on foreign salt.

Lastly I must include in this class an extra charge of about Rs. 8½ lakhs for interest payable by the Posts and Telegraphs Department.

32. I will now turn to the second class of expenditure which really represents additional outgoings. Honourable Members may think that in these hard times we ought to have admitted nothing new, but certainly we have been absolutely unavoidable.

I will mention the following more important items:

Rs. 5½ lakhs for the Round Table Conference committees now touring in India.

Rs. 3½ lakhs representing the increased rupee equivalent of our contribution to the League of Nations due mainly to the fall in the gold value of the rupee. This is notable as being practically our only external obligation which has increased owing to this change in our currency.

Rs. 2 lakhs for the All-India Medical Council, and the Calcutta Hygiene Institute.

Rs. 6 lakhs for the inauguration of the new province in the North-West Frontier area.

Rs. 3½ lakhs for the Delhi conspiracy case, etc.

33. Altogether the items of unavoidable new expenditure of the class which I am now describing come to about Rs. 29 lakhs, while the apparent increase under the first class of items which I mentioned is about Rs. 89 lakhs—the total thus added to the expenditure side of the budget being Rs. 1.18 lakhs.

34. I have mentioned these items in order to explain how the position is complicated when an attempt is made to see how the retrenchments made affect the actual budgetary figures, but I would again refer Honourable Members to the detailed statements now circulated which show the exact position under each head of the Demands for Grants.

For the present I would remind them of the following broad facts, when they compare what we have achieved with the recommendations of the various Retrenchment Committees. The total recommended by the four civil Sub-Committees was Rs. 4.99 lakhs, and we have against this achieved economies of Rs. 4.33 lakhs or nearly 87 per cent.—before allowing for terminal charges which, of course, the committees did not take into account.

35. I would mention two other striking results in this connection. The first is the actual reduction in Expenditure. I have already given the figures from the accounts showing a reduction of 11.84 lakhs for Civil and Military Expenditure (excluding Posts and Telegraphs) since 1930-31. The position may also be stated in another way. If Honourable Members will look at the analytical table which is included in the Financial Secretary's memorandum (which is prepared now on a slightly different basis from that which I circulated in September) they will find that what I may describe as the net controllable administrative expenditure, civil and military (which excludes the cost of collection of taxes and of the administration of salt and Posts and Telegraphs expenditure) has been brought down from just over Rs. 76 crores in 1930-31 to just over Rs. 64 crores for 1932-33, a reduction of about 16 per cent.

The second fact is of a more distressing nature, but it indicates the magnitude of the effort which we have made. In pursuance of the retrenchment campaign the following appointments in the Civil Departments (including Posts and Telegraphs) have been or will shortly come under reduction so far as information is at present available—

Gazetted officers	299
Ministerial establishment and other superior establishment	5,279
Inferior establishment	1,485
Total	<u>7,063</u>

36. *North-West Frontier Province*.—Before I leave the subject of Civil Expenditure I must make special reference to one substantial change in the estimates before the House this year. This arises from the change in the constitutional position of the North-West Frontier Province. The position is explained in detail in the Financial Secretary's Statement and for my present purpose I need merely summarise it by saying that a sum amounting to about Rs. 66½ lakhs drops out from the Government of India receipts, representing the revenue for the area of the new Governor's Province, while, on the other side expenditure amounting to about Rs. 1,63½ lakhs is taken over by the Province. The net difference between these two figures is a deficit of about Rs. 97½ lakhs, and as against this our proposal is that the Central Government should give a subvention of one crore to the new Province. It is a subvention on this basis which appears in the Demands for Grants placed before the Assembly. It has been fixed at a round figure and give the Province a small margin of about 2½ lakhs. The subvention is to be operative for three years, or until the new Constitution for India is inaugurated—whichever is the earlier. In either event the position will again be reviewed.

The account which I have just given represents the position for a full year. For next year the position as set out in the Demands for Grants is slightly complicated for the following reason. We had anticipated that the new province would come into existence from the 1st April next, and we had made our financial arrangements accordingly. It has, however, been found impossible to get the elections over and the new Council into being until later in the month. Consequently, under the Government of India Act, the expenditure and revenue of the Province for the first part of the month of April constitute Central transactions. Honourable Members will observe from the form of the Demand for the North-West Frontier Province that we have therefore been forced to provide (a) for a certain amount of direct expenditure in the early part of April next, and (b) for virtually handing back to the province the revenue which we may collect during that period.

The problem of fixing the subvention on a fair basis just at the present time of economic disturbance has been one of great difficulty. In fact, had financial considerations alone to be taken into account, one would hardly have chosen the present time for the fixing of a subvention. On the other hand, it had to be done; and it seemed also necessary to fix it for a reasonable period, as it would have been impossible to impart any degree of financial autonomy to the province if the amount of the subvention had to be determined afresh from year to year. The North-West Frontier Province Subjects Committee faced the problem and indicated the various elements in the calculation. That Committee suggested a basic subvention of 1,17 lakhs; but they left it to the Government of India to make allowance in the revenue figures for the present low level of prices. Also, reporting as they did in the month of June last year, and relying for their material on the facts of the past, they naturally failed to adjust the figures to the lower level of expenditure now prevailing in all parts of India as a result of the present retrenchment campaign. We were fortunate, while dealing with this latter factor, to have had before us for the North-West Frontier Province the main propositions and figures of Sir Abdur Rahim's Retrenchment Sub-Committee. We concluded that the fair and proper course was to set out a budget for the North-West Frontier Province exactly as we should have framed it had the administration of the province been

remaining with the Government of India. We, however, made allowance for the extra cost of the necessary administrative and legislative machinery, and for carrying out the recommendation of the Subjects Committee to transfer the management of Roads and Buildings to the local Public Works Department. Except in regard to these two matters, we had to recognise that any further increase of resources placed at the disposal of the North-West Frontier Province could be made only by withdrawing funds from other parts of India. The Government of India could hardly have contemplated a programme of expanding activities in that province while the rest of India is having seriously to restrict all its activities. In fixing the recurring subvention at the figure of a crore we have, I believe, dealt fairly with the new province, consistent with our responsibilities for other areas. With more direct contact with the administrative needs, the new provincial Government may, we hope, be in a position to make better use of the money than we have been able to from the Centre. So far as we are concerned, we shall be relieved of a responsibility which it has always been difficult for the Government of India to exercise—a difficulty which is felt in connection with the financial control of all the directly administered Central Areas by the Government of India, whose organization is really designed for purposes of a different nature.

Military Expenditure.

37. I must now turn to the Army Budget.

Revised Estimate, 1931-32.—The budget allotment for military expenditure in 1931-32, excluding the special grant for expansion of the Territorial Force, was Rs. 51·90 crores. 22 lakhs, representing the proceeds of the emergency cut on the pay of officers, has been surrendered, and the revised estimate now stands at 51·68 crores.

The military authorities have conducted their retrenchment campaign on an 18 months' plan, extending over the period from the 1st October, 1931 to the 31st March, 1933. Retrenchment on a large scale necessarily involves the payment of substantial terminal charges, and it was an essential part of the military programme to reduce expenditure in the last six months of the current financial year in order that credit might be taken in 1932-33 for the full effect of retrenchment. The military authorities were assisted here by a further fall in prices which will produce a saving of about 17 lakhs. With the help of this windfall His Excellency the Commander-in-Chief has been able, by insisting on general economy in expenditure and by introducing forthwith certain retrenchment measures which bring in immediate savings, to complete successfully the first stage of his programme. Apart from the formal surrender of the 22 lakhs on officers' pay, His Excellency has effected savings sufficient to meet the whole cost of employment of troops in the Burma rebellion and other disturbances (about 30 lakhs) without any additional grant, and to carry forward a sum of 21 lakhs which should suffice to cover terminal charges payable in 1932-33.

38. *Budget Estimate for 1932-33.*—In September last I informed the House that His Excellency the Commander-in-Chief had agreed, as the Army's contribution in the national emergency, to accept a cut of Rs. 5½ crores on his 1931-32 budget. I have now only to say that His Excellency has made good his undertaking in full, and that the estimate for the military budget in 1932-33, excluding again the special grant for the Territorial Force, stands at 46·65 crores.

Honourable Members will find among their budget documents an Army Department paper giving a detailed account of the methods by which this reduced figure has been reached. The total reduction, which is raised to 5½ crores to allow for certain unavoidable new items such as the establishment of the Indian Sandhurst, is made up of first, 1.40 crores from cuts in pay, secondly, 3.10 crores from retrenchment measures in recurring expenditure, and thirdly, 1 crore from postponement of progress with the special re-equipment programme. It is necessary to appreciate the exact significance of these savings. To take the first—the cut in pay, this, except for certain categories of British Army personnel (in regard to whom the reduction, following what has been done in England, is permanent), represents the general 10 per cent. cut which we have imposed on all Government servants, and, as we have undertaken that this cut will be restored as soon as conditions permit, most of this part of the reduction must be regarded as purely temporary. Turning to the second class, the retrenchment in recurrent expenditure, this to some extent is accounted for by special temporary savings, such as the eating down of stocks and postponement of essential buildings. As regards the third class, the postponement of the re-equipment programme, this cannot be regarded as permanently cancelled. It does, however, represent special non-recurring expenditure, and when conditions permit it will be necessary to consider special means for financing the completion of this programme.

The significance of these remarks may be indicated in the following way. As regards the cut in pay, when the general cut of 10 per cent. is removed this will automatically throw back on to the Army a recurrent liability of 1.23 lakhs—(1.40 less 17 which is a permanent cut). As regards the retrenchment in normal expenditure, about 65 lakhs of this represents savings which are not in the strict sense recurrent. About 20 lakhs represents drafts on stocks, etc., and 45 lakhs postponement of the provision for buildings which are regarded by the Army Department as essential. As regards the postponement of the re-equipment programme, the one crore saved on this for next year may have to be found later by some form of special non-recurring provision. The Army authorities have throughout made it clear that they have only agreed to postponement in order to help in meeting the present national emergency, and that the permanent cancellation of these measures could not—consistently with maintaining the efficiency of the Army—be effected. His Excellency the Commander-in-Chief has given an assurance that he will not relax his efforts to secure further reductions in recurrent expenditure both by pressing on with measures already accepted, and by developing any further lines that may present themselves, but he has made it clear that he does not see any hope of being able to find economies in normal expenditure, that is to say, economies from measures other than the reduction of fighting troops which raises quite different issues, which can go near to balancing the burden of 1.23 lakhs which would arise from restoring cuts in pay combined with the disappearance of the 65 lakhs of special savings on recurrent expenditure from next year. In support of this he points out that in spite of the intensive examination of all sources of economy both by his own officers and by the Retrenchment Committee, it was only possible to work up to the present reduction of 5½ crores by reducing troops at a saving of 35 lakhs. Further, although provision has been made in the estimates for 1932-33 for some rise in the prices of food grains, as compared with

those prevailing in 1931-32, the rates now taken are still far below the recent normal level, and, if prices should rise to, and be stabilised at, something like the 1929 level, this event, though welcome on general grounds would mean an automatic increase in the military estimates. On these considerations His Excellency wishes it to be made clear that he cannot regard the budget figure of 46.65 crores as representing a new *standard* level of standing charges, and that the normal cost of the Forces at their present strength when the cut in pay is restored must be recognised to be about 48 crores even if the prevailing low prices for grain, etc., continue. I have thought it right to let Honourable Members know the conclusions which His Excellency has drawn from the facts of the present situation, and I can only add that the Government will continue to press for all possible efforts to secure further recurrent economies, and that the campaign for retrenchment will not be regarded as finally closed with the achievements of this year.

39. *General Remarks on Retrenchment.*—I cannot turn from this review of expenditure without again paying a tribute to the work done by the various Retrenchment Sub-Committees. Honourable Members will possibly criticise us in the course of this debate for not having given sufficient effect to their recommendations. As a matter of fact I do not believe that, if they carefully study the papers which are now being put before them, they will be able to sustain this charge. But in any case, however much they may attack me, they will not be able to destroy the sense of gratitude which I feel to them for the assistance which they have given us in performing this very arduous and unpleasant task. For such of those Committees as have continued, even till this moment, their labours, the task must long ago have lost any glamour which it possessed. Nevertheless they have continued their pursuit with unflinching vigour. The task of retrenchment is not yet completed; much work still remains to be done in seeing that full effect is given to various measures now being inaugurated, while the search for new economies, and resistance to the pressure for new demands must be sustained for a long period to come. The main work as regards this must rest with the Government; and I trust that Honourable Members will believe me when I assure them that it will be continued without any failing of energy.

GENERAL REVIEW OF THE BUDGETARY POSITION.

40. Before I conclude my review of the Budgetary position I think it necessary to make certain general observations. The present occasion is an appropriate one to attempt something more than a mere bald enumeration of facts and figures and to take stock of the whole position. I say this for two reasons. In the first place we have in the last two years made some very important changes in our scheme of taxes, the effects of which ought to be carefully noted. In the second place the strain of the present economic crisis affords a good opportunity for testing the strength of the various parts of the structure on which our revenue depends.

41. There are two important points which such an examination reveals, first the effect of recent protective policy on revenue, and secondly, the direction in which reserve powers of taxation to meet an emergency can be exercised.

The Protective effect of our Import Duties.

42. I will take these points in order. It is in our import duties that the most significant changes have been made. Among the customs import

duties the two largest individual items were until two years ago those on cotton piecegoods and sugar. The recent increases in these duties—which formerly were regarded only as revenue measures—would in any case, and apart from any decisions which the Legislature has taken or may shortly take in regard to them, have given to them a highly protective character. It is obvious that as the protective effect increases, their value as revenue producers must diminish. The facts as regards cotton piecegoods are well known; but they are so striking that they deserve repetition. To-day we cannot reckon on more than about 900 million square yards of imports, as compared with an average of about 1,800 million yards for the post-war period up to 1929, and about 3,200 million yards before the war. It is on the present reduced quantity that we must rely for collecting duties. Taking the post-war years of normal prosperity and post-war prices, say 1922-23 to 1928-29, the average annual amount of import duties collected on cotton piecegoods was about Rs. 6½ crores. To-day, even with the higher duties, we cannot on the reduced quantities reckon on a revenue of more than Rs. 3½ crores.

43. If we turn to sugar, the protective effect has not yet fully developed and we must look for our comparison rather to the future. In the immediate present the yield of duties on sugar is, as I have already indicated, being affected mainly by the present abnormal drop in purchasing power, but looking to the future the following information may be of interest. According to figures which have been supplied to me by the office of the Imperial Council of Agricultural Research, it appears that Indian production of sugar may increase from 155,000 tons in 1930-31 to about 330,000 tons in 1933-34; that is to say, at the rate of about 60,000 tons per annum, and this rate of increase may be expected to continue in the future. With a duty of Rs. 9 per cwt. this means that if the increase in Indian production is balanced by an exactly corresponding decrease in imports of foreign sugar, there will be a progressive loss of revenue at the rate of Rs. 1.08 lakhs per annum. Needless to say it is to be hoped that we shall also see, as a counterbalancing factor to this loss, some increase in the total consumption—partly as a result of a normal growth in demand, and partly as representing a recovery from the present abnormal depression. But the fact remains that locally produced sugar must make the imports so much less than what they would otherwise have been. The figure of a progressive loss of Rs. 1.08 lakhs per annum is in fact what the policy of protection will cost the Indian customs revenue, against which may perhaps be set some increase in receipts from income-tax. I am not now expressing any view on the merits of protection as a policy; but it is necessary to realise the facts as regards its effects on revenue.

44. It is also important to realise that if the Central Government is to have properly balanced machinery of taxation at its command, it ought to have means, either through the income-tax or in other ways, of recovering to itself some increase in revenue to counterbalance the loss which may occur in the revenue from import duties as a result of a protective policy. That is a point which those who are framing a new Federal Constitution should bear in mind.

45. I have dealt only with the two most important individual items—cotton piecegoods and sugar—but similar results may be taking place as regards a number of other articles on the customs list as a result of the higher duties.

BUDGET FOR 1932-33.

Result from various Taxes.

46. I will turn now to the other point which I mentioned as worthy of examination—the way in which the stresses and strains of the present crisis are showing up the strengths and weaknesses of the various parts of our structure of taxation.

This can be tested by seeing how the estimates of revenue from increased and from new taxes are working out.

In my review of the revenue estimates the fact which I have had chiefly to emphasise is the disappointing yield of customs duties. In spite of recent substantial increases, and of the addition at various recent dates of such new duties as those on silver, machinery, and raw cotton, our final estimates for the current year show a total deterioration under Customs of Rs. 2,90 lakhs, as compared with the average for the 3 years 1928-29 to 1930-31. Now this result is of course mainly due to the general fall in the value of exports and consequently in the purchasing power for imports, combined with the operation of subsidiary causes, such as the protective effect of certain duties to which I have already called attention. A more detailed examination, however, of the heads under which deterioration has occurred shows up some interesting facts.

Leaving aside cotton piecegoods which I have treated solely as an example of the effects of protection, the chief deterioration among other items in the current year, as compared with the three year average, occurs under the following heads:

Sugar, to which I have already referred at such length in spite of special large increases in the rate of duty, accounts for Rs. 1,49 lakhs.

Liquors, tobacco, motorcars and articles in the so-called luxury schedule with the basic rate of 30 per cent., which may be classed together as typical cases of articles required by the well-to-do classes, show a deterioration of Rs. 1,58 lakhs, or 22 per cent.

To these two examples may be added silver (for which I cannot make the same comparison as in the cases which I have just dealt with, because an import duty was only first imposed in 1930) which for the current year shows, as compared with 1930-31, a falling off of Rs. 1,23 lakhs despite the enhancement of the duty.

These three heads account for a deterioration of no less than Rs. 4,30 lakhs from what might have been regarded as the expectation of revenue in a normal year at much lower rates of tax. They cover articles other than prime necessities, for although sugar in some form is perhaps a general necessity, this description does not strictly apply to the kind of sugar which is imported.

On the other hand, if we turn to the main articles of consumption by the Indian masses we find a different picture, and the increases made in the rates of taxation are likely to provide substantial increases in revenue.

In the case of kerosene, for example, we expect to get in the current year, from excise and import duties combined, Rs. 3,57 lakhs, as compared with an average for 1928-29 to 1930-31 of Rs. 2,71 lakhs. Here, therefore, is a reserve to which we have been able effectively to turn.

Then again, as regards salt, the enhancement of 25 per cent. in the duty seems to have had no appreciable effect on the consumption, and we are able to anticipate increased revenue in a full year (apart from the

immediate and temporary gain from the abolition of the salt credit system) of Rs. 1,60 lakhs over and above the normal revenue at the old rate.

I might here also mention two other articles of consumption by the Indian masses the results in regard to which are equally interesting. I refer to betel nuts and spices.

As regards betel nuts, the recent substantial increases in duty do not appear greatly to have affected consumption, for we are relying on a revenue of about Rs. 60 lakhs for the current year and Rs. 63 lakhs next year from this duty, as against a normal revenue before the increase of Rs. 33 lakhs.

A similar result appears in the case of spices. From those items (cloves, nutmegs and pepper) for which separate trade statistics are on record—and they constitute 80 per cent. of the whole—we are able to anticipate a revenue of about Rs. 20 lakhs in the current year and of Rs. 22 lakhs next year, against a normal revenue before the increases in duty of under Rs. 9 lakhs.

47. The figures which I have given are of course, in a sense, only an illustration of well-known principles affecting the yield of taxes on articles of elastic and inelastic demand. But it is interesting to examine how these principles work out in practice. Such an examination of these examples indicates that a Finance Member—who has unfortunately to be hard-hearted and exclude all sentiment from his plans and calculations—must be brought to the conclusion that if in times of emergency he needs to raise extra revenue, then his most sure and reliable course is to impose slight increases in the taxes which fall on the masses of the population. A few annas per head from 300 millions is the most effective course, whereas attempts to extract heavy taxation from a limited class seem almost to have reached their limit. This is a conclusion which is not likely to be popular, but all who share in the responsibility for maintaining the financial position of India must face hard facts.

48. While these facts must be faced, I do not wish to suggest that where increased revenue is sought there should not be a fair and proportionate increase in direct taxation. No critic of the Government could, in the face of the recent heavy increases in income-tax, complain that this proportion has not been preserved. The increase in rates are well known, and beyond this it is merely necessary to state the simple fact that in times of great depression we are counting on getting about 18½ crores from income-tax as compared with an average of slightly over 16 crores for the five years of comparative prosperity from 1923 to 1928.

Reasons for increased need of Tax Revenue.

49. After making these observations on considerations affecting the raising of tax revenue I want to ask Honourable Members to give their attention to the circumstances which have made it necessary to put a special strain on such tax revenue at the present time. For this purpose I must direct special notice to the table analysing the various heads of receipts and expenditure which is brought up to date and included on page 2 of the Financial Secretary's memorandum. This shows that whereas in the comparatively prosperous five years from 1923-24 to 1927-28 the extent to which the Government had to rely on Tax revenue (less cost of collection) amounted only to an average figure of about Rs. 67½ crores, we are endeavouring for 1932-33 in a period of unexampled depression to raise from Tax revenue about Rs. 77 crores.

50. What is the reason for this increase in the pressure on Tax Revenue? It is, as the figures, which I have already given, show, certainly not increased expenditure, for that is being enormously reduced. The real reason is the deterioration under other heads of Government receipts. These, according to my analytical table, averaged Rs. 28 crores for the five years from 1923 to 1928, whereas for this year and next year we can only count on about Rs. 9 crores—a drop of no less than Rs. 19 crores. The main factors in this decrease—apart from the relinquishment of the Provincial contributions—have been deteriorations under the following three heads—

- (1) Net revenue from commercial departments,
- (2) Finance heads, and
- (3) Opium receipts.

The total receipts from these three heads for the five years 1923 to 1928 averaged Rs. 15·71 crores, while our estimate for 1932-33 only allows for Rs. 4·83 crores, a reduction of nearly Rs. 11 crores. Thus commercial departments which in the former period assisted revenue to an extent on an average of 6·77 crores will for next year show a net deficit of 19 lakhs. Finance head receipts (Currency and Mint and Interest receipts) which in the former period produced 6·63 crores are reduced for next year to 4·41 crores, and Opium receipts which produced a net profit of 2·31 crores come down next year to 61 lakhs net. Here are the real causes of deterioration, and on top of this must be added the following main facts; first, that Provincial contributions which were 9·2 crores in 1923 have disappeared, and secondly, that the provision for Reduction or Avoidance of Debt which for the five years 1923 to 1928 averaged about 4·5 crores has now gone up to about 7 crores.

There is one other special point to which I would call attention and that is that we are now meeting our liabilities in regard to Cash Certificates in a much fuller way than was previously the case. In the five years 1923 to 1928 the amount annually charged to the Budget in respect of bonus on Cash Certificates amounted on an average only to an interest charge of about 2 per cent. We are now meeting the full accrued liability and the provision has increased from 23 lakhs in 1927-28 to 2·20 lakhs in next year's budget although the mean capital outstanding has only increased from about 29 crores to about 47 crores.

51. These figures indicate the main sources of the difficulties with which the Government has now to compete, quite apart from the inevitable falling off in tax receipts owing to the economic depression which would in any case have made it necessary to raise the rates. The first effort to deal with such a position should undoubtedly be to reduce expenditure. I have already given a detailed account of what we have done in this direction. But I would remind the House again of the main results. The controllable administrative expenditure under which I include Military expenditure and all Civil expenditure, other than Debt Services, Extraordinary expenditure and the cost of tax collection, averaged for the five years 1923—1928 about 75½ crores and by 1930-31 it had increased to just over 76 crores. The provision for 1932-33 has been reduced to just over 64 crores, a reduction all round of about 16 per cent. The need for increasing tax revenue has been brought upon us not by swollen expenditure but by the tremendous drop in the returns from the economic activities of the Government and in the economic productivity of the

country on which the revenue from taxation depends. I would ask all Honourable Members to study carefully the figures which I have prepared, for they indicate the realities of the situation.

WAYS AND MEANS.

52. *Summary.*—I will now turn to a review of the Ways and Means position for the current year and the next, a summary of which in the usual form will be included in the printed copies of my speech.

Liabilities

	Budget, 1931-32.	Revised, 1931-32.	Budget, 1932-33.
Railway Capital Outlay (Construction) .	11.45	8.35	4.15
Other Capital Outlay	1.93	1.82	1.50
Provincial Drawings	9.50	15.41	10.62
Discharge of permanent debt (net) .	29.54	33.09	26.56
Loans and Advances by Central Govern- ment	1.21	.98	.26
Other transactions	—79	3.50	.06
	52.84	63.15	43.15

Resources.

	Budget, 1931-32.	Revised, 1931-32.	Budget, 1932-33.
Revenue Surplus	.01	—13.66	2.15
Rupce Loan (net)	15.00	16.95	14.50
Sterling Loan (net)	24.76	17.35	8.00
Treasury Bills with public	..	..	—7.51
India Bills	—5.40	—5.40	..
Post Office Cash Certificates and Savings Bank	4.06	7.19	7.00
Other Unfunded Debt	5.63	2.69	4.71
Appropriation for Reduction or Avoid- ance of Debt	6.78	6.89	6.82
Depreciation and Reserve Funds	.99	—3.73	.52
Expansion of Currency against Treasury Bills (net)	..	35.09	..
Reduction of Cash Balance	1.01	—22	6.96
	52.84	63.15	43.15

53. The outstanding features to be noted in the revised figures for 1931-32 are the heavy drawings on their Reserves by the Railways; the reduction in Railway Capital expenditure combined with the large increase in Provincial Government's drawings as compared with the original estimates; the fact that permanent debt was discharged to almost exactly the same extent as it was increased by new rupee and sterling loan; and lastly—and most important—the addition of approximately Rs. 35 crores to our resources as a result of the expansion of currency against Treasury Bills.

54. *Expansion of the currency.*—I will deal first with this last mentioned feature. In my Budget speech for 1930-31 I explained fully the

effect of our currency operations on our Ways and Means position. During the years 1930-31 and 1931-32 Government, in their capacity as currency authority, had to effect large contractions of the currency in order to avoid the development of an inflationary position having regard to the tremendous fall in world prices of all commodities. This process continued until September 1931 when the suspension of the gold standard in Great Britain, and the linking of the rupee to sterling instead of gold, produced a complete change in the situation. For various reasons a large demand for currency then arose in India. This demand enabled us to replace in the Paper Currency Reserve a large part of the Treasury Bills which had been cancelled during the previous two years, and in this way to recover resources which had been temporarily lost by the previous contraction. As it had been necessary during 1929-30 and 1930-31 in order to meet contraction against rupee securities and silver, for the Government in effect to provide funds amounting to Rs. 43,60 lakhs, the net result on our Ways and Means position during the last three years of contraction and expansion has been to decrease our resources by about Rs. 8½ crores.

55. *Loans.*—The expansion of Rs. 35 crores to which I have referred, enabled us to meet large unforeseen demands and at the same time decrease our ordinary borrowings. In the budget for 1931-32 I assumed that sterling borrowing would be limited to the conversion of the £15 million outstanding from the 5½ per cent. 1932 loan maturing in January 1932. What actually happened was that a loan of £10 million sterling was raised in London in May 1931, but the 5½ per cent. 1932 loan was repaid from the Home Treasury balances, the net result being that the sterling borrowings during the current year will be £5 millions less than was estimated a year ago. The gross proceeds of the rupee loan amounted to 16,95 lakhs as against Rs. 15 crores estimated at the beginning of the year. The loan took the form of 6½ per cent. Treasury Bonds, 1935 issued at par. The notable feature of this loan was that it was kept open "on tap" for a long period—from the 15th September to the 12th December—and that special facilities were given for subscriptions at all Post Offices doing savings bank business in addition to treasuries and branches of the Imperial Bank. In this way a special appeal was made to small investors in the mofussil who could come into a Post Office at any time and take up a few bonds against a payment which included a proportion of the interest accrued, the proper addition being made to the purchase price from week to week. The response in all the circumstances was extremely satisfactory. While the banks and the money market took comparatively small interest, owing to the exceptionally unfavourable international and internal situation, small investors all over the country took full advantage of the additional facilities given. Of the total subscriptions of 16,95 lakhs, 2,04 lakhs represented conversions of maturing 1931 bonds and the total amount subscribed through the Post Office, including conversions amounted to 6,52 lakhs. The lessons learned from the success of this loan in times of unprecedented difficulty should be of value for the future.

56. Owing to the fall, during the current year, in the price of Government securities large purchases of the 5 per cent. 1929-47 loan and the 5 per cent. 1945-55 loan were effected from the balance in the depreciation funds of these loans. These purchases were mainly responsible for the increase of about 3½ crores in the amount provided in the current year for the discharge of permanent debt.

57. *Railways.*—The Railway Capital outlay in the current year is now estimated to be Rs. 8,35 lakhs as against 11,45 lakhs provided in the budget. To this extent therefore (Rs. 3,10 lakhs) our Ways and Means position, as affected by the Railways, has improved in comparison with the estimates. On the other hand the large deterioration in the working results of the Railways has much more than offset this saving. It was anticipated that there would be a surplus of Rs. 1,22 lakhs available for the Railway contribution, and that by drawing Rs. 4,14 lakhs from the Railway Reserve fund this would be made up to the full figure of Rs. 5,36 lakhs. Instead the Railways showed a deficit, after meeting all interest charges, of Rs. 9,47 lakhs. They can therefore not pay any Railway contribution and have to draw Rs. 4,95 lakhs from their Reserve fund and Rs. 4,52 lakhs from their Depreciation fund balance in order to cover this deficit.

The net result is that, so far as concerns the effect of the Railway operations on our Ways and Means position, this is Rs. 7,59 lakhs worse than anticipated in the Budget.

In order, however, to correct undue pessimism I must point out that the total amount set aside by the Railways for depreciation in the current year is Rs. 13.43 crores, and that the amount to be drawn from the depreciation fund is Rs. 8,25 lakhs for actual expenditure on renewals and Rs. 4,52 lakhs to meet the deficit, or a total of Rs. 12,77 lakhs. Even, therefore, after providing for this latter deduction, a surplus of Rs. 66 lakhs remains to be added to the balance in the Fund.

58. *Provincial drawings.*—The provincial drawings have been exceptionally heavy. The Government of India in pursuance of its policy of cutting down capital expenditure to a minimum refused to sanction loans from the Provincial Loans Fund for any new scheme but loans were granted for the purpose of completing schemes already in hand. In addition, most of the provincial Governments are faced with heavy deficits, and in some provinces loans to agriculturists on a large scale have had to be granted to assist them in tiding over difficulties due to the fall in prices or failure of crops. The net result is that provincial drawings are expected to be about 6 crores more than was estimated at the beginning of the year.

59. *Public savings.*—The receipts from Post Office Cash Certificates and Savings Bank are expected to exceed the budget estimate by 3,13 lakhs while the amount of Treasury Bills in the hands of the public at the end of the year is expected to be the same as at the beginning of the year.

60. *Revenue Deficit.*—The estimated deficit of 13,66 lakhs will remain uncovered and will be an addition to the public debt.

61. *Next year.*—The Ways and Means programme for next year is necessarily tentative and subject to modification in the light of the actual circumstances which may arise.

62. *Capital Expenditure demands*—(a) *Railways.*—As the House knows, the Railway Capital expenditure has again been drastically reduced, the provision for 1932-33 being 4,15 lakhs only as compared with the revised estimate of 8,35 lakhs for the current year. To appreciate the magnitude of this reduction, which represents the culmination of a policy which we were forced to initiate in 1929 the current figure of 4,15 lakhs must be

compared with the past figure of no less than 29,35 lakhs in 1928-29, and 30,16 lakhs in 1929-30.

(b) *Provincial Governments*.—The borrowing programme of the Provinces has also been reduced to a minimum, but in present circumstances they have certain unavoidable financial requirements. Provision for their demands has, however, been reduced from 15.41 lakhs anticipated this year to 10.62 lakhs.

63. *Borrowing Programme, 1932-33*.—With this reduced provision for Railway Capital expenditure and for the Provinces, I estimate that it will be possible to reduce the amount of Treasury Bills held by the public by about 7½ crores from our current resources, and that we shall not have to raise any loans during the year, except for the purpose of meeting or converting maturing loan obligations. As regards the latter, the 6 per cent. sterling bonds 1932-33, which Government have the option to repay on the 15th June 1932, will in any case be repaid. In the estimates which I am now presenting I have treated funds for this purpose as being provided by corresponding new borrowing in London. But it is quite possible that this will not be necessary. If exchange continues as at present it appears likely that we shall be able to repay these bonds without borrowing in London, the necessary funds for the purchase of the sterling required being provided by borrowing in India. As regards rupee loans, I am reckoning that we shall issue a loan of 14½ crores, i.e., the amount required to provide for the repayment of the 6 per cent. bonds 1932 falling due on the 1st October 1932. I would add that if the recent improving tendency in the Government securities market continues, it should be possible to raise a larger loan in India on favourable terms and in that case we shall probably take advantage of this opportunity to fund a part of the floating debt and thus reduce this to a greater extent than the 7½ crores which I have, as already explained, allowed for meeting out of current resources.

64. *Home charges*.—A year ago it was estimated that the net requirements of the Home Treasury would be £33½ millions. During the first six months of the year the weakness of exchange which had been a feature of previous years increased owing to the export of capital and international complications. Government not only were unable to purchase sterling, but, in order to implement their obligations under the Currency Act, had to sell sterling to the extent of about £14 millions. This amount was obtained by drawing on the securities in the reserves, while in addition to this amount £9 millions were found from the same source to meet the ordinary requirements of the Home Treasury. After the suspension of gold standard by Great Britain the rupee-sterling exchange soon gathered strength mainly due to the export of gold. Before the end of October the tide had definitely turned, and Government were able to effect remittances to London through the market. The total purchases of sterling on treasury account during the year have been taken for the purpose of my estimates at about £35½ millions. It is assumed that if sterling purchases exceed this amount, the surplus will be added to the currency reserves. Taking into account the £9 millions which, as I have already explained, were drawn for Home requirements from the reserves, the total amount provided for the requirements of the Home Treasury for the year will on my estimates amount to about £44½ millions, or about £11 millions more than was estimated at the beginning of the year. This surplus has been used partly to provide for the net reduction of

about £5 millions which, as I have already explained, has been effected in the sterling debt, i.e., a repayment of about £15 millions 5½ per cent. sterling loan, less a new 6 per cent. sterling loan, for £10 millions issued in May 1931. The remainder will be retained in the Home Treasury balance, making the closing balance for the year £10·8 millions. This large closing balance will be a reserve for meeting our sterling requirements next year. With this reserve in hand, unless the whole or part of the 6 per cent. 1932-33 bonds is repaid from balances, remittance of £24½ millions will suffice to meet our needs in 1932-33. If further sterling remittances over and above these two requirements are obtained it will be appropriate that they should go to the strengthening of our currency reserves.

General Remarks on Expansion of Currency.

65. I must now make a few general remarks on the currency position with particular reference to the criticisms of the recent expansion which has been appearing in certain sections of the Indian press. If I treat criticism as worthy of any serious reply I do so mainly because from certain questions which have been asked recently in this House it appears that Honourable Members are anxious to have their minds cleared on the matter. Put very briefly what is said amounts to this—that the recent expansion of the currency is not justified by any rise in rupee prices; and that the Government is in effect using the note printing press to meet its own requirements, thereby causing a dangerous inflationary position.

66. Now so long as the Government is the currency authority it is simple and obvious for our critics to say that our currency policy is dictated by revenue considerations. But our answer is equally simple and obvious. So long as our exchange is pegged to something external—either gold, or, as at present, an external currency like sterling—we could not follow such a course even if we so desired. We cannot in fact expand or contract currency beyond the actual requirements of the public which uses that currency without the results becoming apparent in our exchange position. If a Government is out-running the constable, and if it has to expand currency to meet its own needs because its revenue is inadequate and because its credit is so bad that it cannot borrow enough to make ends meet, then its exchange will weaken and collapse. The great improvement which has recently taken place both in our credit and exchange is the most effective answer which I can give to Government's critics. The money market is a shrewd judge. And the money markets of India and the world clearly do not share the views of our critics.

67. The criticism has in one respect a certain interest, because its very nature points to one feature in the Indian situation which we all admit to be undesirable—namely, that the Government is also the currency authority. We have a dual role, and so long as we have this dual role not only will it be easy for our critics to say that our currency policy is dictated by revenue considerations, but we ourselves are put into the unfortunate position that fluctuations in our receipts as currency authority react upon and upset our budgetary position. But let me assure this House that we keep these two roles rigidly distinct, and that we never allow our revenue needs to deflect us from a sound currency policy. Surely our own record—particularly recently—proves this. In those difficult eighteen months which preceded last September, when our revenue

was falling short of our actual outgoings, we did not hesitate to perform our duty as currency authority by drawing off the market that surplus money which had to be withdrawn in order to maintain stability of exchange. We had to raise our floating debt not merely to meet our revenue requirements, but to a far greater extent in order to contract surplus currency. That process reacted most severely on our budgetary position, and made the deterioration in our general financial position appear far greater than was really the case. I had occasion to deal fully with this aspect of the matter last year. To-day the wheel has turned, and the improvement in our position as currency authority is favourably influencing both our general financial position and our budgetary equilibrium. But we are really doing no more than recovering a part of the ground that we lost last year, and we have not created a single pie of currency beyond what the public requires. Let me again remind the House of the figures which I have already given. Our expansion in the current year has provided us with net additional funds of Rs. 35 crores, but our contraction in the two preceding years was Rs. 43½ crores, so that in the three years the Government in performing its duty as currency authority has had to lose resources of Rs. 8½ crores. From the recent improvement the whole country is deriving great benefit, and we have done our best, to the extent that we were justified by the exchange position in doing so, to ease the position for commerce and industry by supplying them with the currency that they required and by regulating our Treasury Bill policy in a way which has enabled the bank to reduce its rate from 8 per cent. to 6 per cent. Why should our critics cavil at that?

68. To those who say that the recent rise in prices has not been sufficient to justify the extent of our expansion I can only answer that the public whose needs we as currency authority have to supply has absorbed the money. There is no evidence either in the Bank's figures or otherwise of an undue surplus. It is not possible to say exactly where the money has gone. Some is undoubtedly required to meet the greater needs of trade with higher rupee prices for commodities. It is clear also that in certain cases currency must now be held where gold was held before. That shows a gratifying confidence in the country's currency. Apart from this I would make two observations. In the first place stocks of currency held in the banks and throughout the country must have been reduced to abnormally low figures by the contraction which we effected up till September, and as a result of the high rates for Treasury Bills which we had to maintain. There was clearly much lee-way to be made up. In the second place, in a country with a fully developed money market organisation, contraction and expansion of *credit* plays a much more important part than contraction and expansion of currency. India is not entirely on a par with a modern Western country in this respect. Except in a few large towns there is no fully developed money market or credit machinery. In the vast areas of the countryside the organisation is still on ancient lines, and the possibilities of variation in the absorption of currency are comparatively large. In the last few months in India there is no evidence of any large expansion of credit, and the whole demand for extra accommodation has fallen on currency. This must be remembered in assessing the situation in India. In any case, whatever our critics say, we can assert with the greatest assurance that the present position is sound. On the other hand it is quite obvious that the recent improvement in the exchange position and in the demand for

currency has been very largely due to the sale and export of gold. If that were to cease, and if there were to be any economic set-back in the world with a renewed fall in gold and rupee prices, then we may again have to reverse the present process in order to maintain a sound position. Will our critics in that case shift their ground yet once more and criticise us again from the other side? For the present at least let us hope that such a necessity will not arise, and until it does let us be thankful for small mercies in the welcome improvement which has recently come about.

69. *Export of Gold.*—The reference to the export of gold which I have just made brings me to that as another matter on which I must say something because the public mind is so much concerned about it. I would at the outset draw a distinction between the export of gold from private holdings and any loss of gold from our monetary reserves. The distinction is not always kept clear in the public mind. There has of course been no loss of gold from our monetary reserves. On the contrary our holding has largely increased in the current year. Therefore, so far as the backing to our currency is concerned, there has been no weakening of the position.

70. Apart from this, His Excellency the Governor General dealt a few months ago in this House with the broad aspects of this question. He pointed out that in relation to the vast stores of gold held privately in India the quantities now being exported were of minor importance. At present values India has imported over 700 crores worth of gold in the last 30 years alone. Her total holdings must vastly exceed this quantity. In relation to these accumulated stores, exports of about Rs. 50 crores worth, though large in themselves, sink almost into insignificance. What is happening now has not yet, in fact, appreciably affected India's position as a holder of gold.

71. In the meanwhile the export is giving India a favourable trade balance and enabling her people, who are in this way realising a small portion of their reserves, to tide over the present terribly difficult times. India is thereby being saved much of the hardship under which other countries are suffering. Reserves are being drawn upon in hard times, and, as His Excellency asked, of what use is a reserve if it can never be drawn upon.

72. Those, however, who deplore the present export of gold apparently hold the view that gold is so extraordinarily valuable as a possession that no country which has once acquired it should part with a single ounce of it—particularly not in the present times of economic crisis. And many of them go on to assert that the present Government of India alone of all Governments is allowing this export to take place.

73. Now, in the first place, to the general argument I think the answer is simple. What is the special and unique quality of gold which justifies the holding of it? Surely its quality as a reserve which in the last resort is, according to the present world system, the only ultimate sure method for settling obligations as between one country and another. But if this is accepted, then the necessary implication is that the gold must on occasions be used for this purpose. If it is *never* to be used it might just as well be at the bottom of the sea. If no country ought ever to part with its gold, then the logical extension of this argument would be that even a country like South Africa should retain every ounce

of gold which is produced from her mines. But the advocates of the contrary view may say that this is an unfair distortion of their argument, and that they only argue that just at the present time, and in India's special circumstances, it is necessary to preserve the gold. Now is it true that there are any special circumstances which make it necessary to hold on to gold now? On broad grounds I should give a directly contrary answer. What is the essential feature of the world position to-day? Surely that gold in terms of commodities is grossly overvalued. Its overvaluation means that all those to whom fixed payments in money based on gold are due have to receive far too large a share of the world's production. The present low level of commodity prices, or, to express it the other way round, the present overvaluation of gold, is just exactly the calamity from which the world is suffering, and unless it is set right then one of two results must happen; either the economic system will collapse, or currencies will have to detach themselves from gold. England, and with her more than half the world, has already accepted the latter result. America, still on gold, is in terrible difficulties, and is straining every effort—as recent announcements show—to find a policy which will bring about a rise in the gold prices of commodities, or, in other words, a fall in the value of gold. If she succeeds her present currency system may survive. If she does not, she, too, may be forced off the gold standard. This is no exaggeration of the position. It is impossible to escape the conclusion that the world is faced now with two alternatives, *either* to find some means (by better international arrangements and the better use of the available monetary stocks of gold) for reducing the real value of gold as expressed in commodities, or to abandon gold altogether as the basis of currency. If those are the two alternatives then surely one is forced inevitably to the conclusion, that in either case—whichever of the two alternatives actually happens, it would, taking a long view, pay to part with gold now. Why therefore should the people of India be deprived of the right to exercise their own judgment in this matter and sell their gold? My critics would answer "Let them do so, but let the Government buy it and use this opportunity to build up reserves for starting a Reserve Bank". But to this there are clear answers. First, "For the Government as currency authority to buy gold now that the currency is divorced from gold would be a pure speculation". Secondly, "The Government could not afford to buy and hold all the gold which is being offered now, for it has its own external obligations to meet". Thirdly, "If currency reserves are required, and if we could afford now to accumulate them, we have already our proper proportion of gold. It is rather external securities that we need to complete an ample margin of reserves". Fourthly, "We are indirectly acquiring sterling securities against the gold exports so far as the proceeds are not required to meet the balance of payments due on private account. So far as our financial position permits of it we shall use these securities to increase our currency reserves".

74. I come now to the last point in the critics' arguments,—that we are doing something which no other Government in the world is doing in permitting the export of gold. On this point there is extraordinary ignorance or misconception. As a general proposition, it is true to say that where the Government of any other country to-day has prohibited the export of gold, it has taken this action in practically all cases as a measure of exchange control. In England there is no sort of restriction on the export of gold, and as recent Press telegrams have shown, the ordinary public in England is doing exactly what the Indian public is doing, and

seizing this opportunity to realise any gold which they hold at great profit. South Africa, France, Belgium, Holland, and of course the United States have absolutely no restrictions. Nor has even Australia at present, although its Government has power to impose restrictions by proclamation. I can mention two important countries which have restrictions—Canada, where gold exports are only allowed by the Government or by Chartered Banks subject to Government licence, and Japan, where since a decree of December 17, 1931, exports are only allowed under Government licence. In both these cases restrictions are features of exchange control—and fortunately we have no need to impose any control over exchange operations in India to-day. I say, fortunately, because nothing is more damaging to commerce than that.

75. We have given this matter our most constant and careful consideration ever since last October, when the process began, and we are absolutely certain that in present circumstances the best interests of India are being served by allowing free movement of gold to continue—that in fact this movement is proving that India's gold resources are an immense reserve of strength, the moderate employment of which is saving her people at present from much suffering, and preserving the balance of payments and the credit of the country as a whole in times when other countries, particularly countries whose economic conditions resemble those of India, are sorely strained.

There is much popular misapprehension of the significance of what is happening, which may perhaps be corrected by putting it in the following way.

The phenomena of the last few months should not be viewed by themselves, but as one phase in a process of many years. India requires a certain flow of exports to balance her imports of merchandise and external payments. In the past years the volume of this flow has been more than is required, and has been stored up, as in a reservoir, by being put into gold. Now that the volume has shrunk owing to the immense fall in the prices of India's exports (a fall which has been far greater proportionately than for India's imports) the flow is being supplemented by drawing to a moderate extent on the reservoir of gold. Thus the "reservoir" is performing exactly its proper function of equalising the flow, while the quantities being drawn off are negligible in comparison with the quantities stored.

Our critics often speak as though the interests of Government were somehow different to the interests of the country in this matter. There could be no more absurd idea. The difficulties of Government, either as the authority for revenue and expenditure, or as currency authority, react on the public and *vice versa*. What are the signs at present? We are free from hampering measures of exchange control; exchange is strong; our credit improved; we have reduced our external obligations and strengthened our reserves, thereby saving the taxpayer interest charges, and improving the chances for raising fresh capital when this is needed for the development of the country; the bank rate has come down from 8 to 6 per cent., and, as a result, all who are engaged in trade and industry have obtained great relief; while, as another result, Government securities are rising, a fact which in its turn is improving the position of all banks and investors. If anyone fails to see benefit to the public in all these signs he must be blind indeed.

GENERAL CONCLUSION.

76. It has been necessary to cover a wide field in this speech, and I fear that I have detained the House at great length, even though I have only been able to deal most summarily with the points on which I have touched.

On a broad review I think we may feel satisfied with the position. We can face next year with a prospect of a fairly substantial surplus, while even though the current year is closing with a nominal deficit, if we take into account the provision which we are making from revenue for reducing our debt, we can actually reckon on a surplus of receipts over expenditure for the two years combined.

77. If one looks round the country and at the outward signs of its economic and financial position, while I fully recognise that the difficulties are still immense and that large sections of the people are in dire straits, owing to the present low level of prices and trade depression, nevertheless there is not a total absence of encouraging signs.

78. Even if the sales of gold may to some extent represent a forced realisation of savings, yet as against this there are indications that the masses in India still have a considerable amount of money available for investment. The amount invested in Post Office Cash Certificates during the current year is expected to aggregate about Rs. 6 crores as against an average of Rs. 4.5 crores for the preceding eight years, while the increase in the Post Office Savings Bank deposits will be about Rs. 1.20 lakhs as against a decrease of Rs. 10 lakhs last year. Further, the subscriptions by small investors to the 6½ per cent. Treasury Bonds were very large as is indicated by the fact that about Rs. 6½ crores out of a total of Rs. 16.95 lakhs were subscribed through the Post Office.

79. Then, again, certain industries at least are in a healthy condition. I alluded in the course of the last financial debates to the state of the cotton-mill industry, which I still claim to be the only large staple industry in any country in the world which is not only fully employed, but expanding, to-day; and which increased its production for 1931 by about 400 million yards as compared with 1930. The sugar industry (to which I have already referred) is also expanding rapidly, and according to our information thirteen important factories are in course of erection while seven more are being planned.

80. Lastly, one may point to the easing of money rates, the repayment without borrowing or drawing on our reserves of £15 million sterling in January, and to the recent very striking improvement in the price of our Government securities both in India and in London. Our 3½ per cent. sterling stock, which in September last went as low as 43, had risen on March 2nd to about 66, and other securities have also improved substantially. In fact, London has really taken a lead in this matter and it is a curious fact that it is certain sections of the Indian public that are apparently doing their best to spread pessimism and check the return of confidence. This rise in Government securities does not of course in itself indicate a revival of trade. But such a movement is a natural prelude to general recovery, which must have brought about an enormous improvement in the position of all the banks and made them stronger to give support to a revival of trade when the conditions justify such action. Apart from Government securities there has been a general rise in the

prices of the leading investment stocks. Taking quotations at the end of February, the following typical examples may be given: .

Imperial Bank shares had improved from a bottom figure of 825 to over 1,000.

Bombay Dyeing from about 613 to 681.

Tata Iron and Steel ordinary from 16/6 to about 25.

Indian Cement from 120 to 188.

81. But while I can gladly note these signs for encouragement, and while our budgetary position is sound, such margin as we have provided is certainly no more than is required for safety in these uncertain times. Even now all the conditions in the world are so disturbed, that no Finance Minister can possibly present his estimates as infallible. We have hardly yet emerged from what Mr. McKenna in a recent speech has described as a state of "cataclysmic instability". The old landmarks are gone and we are living in conditions for which in many respects there is no parallel. What is required above all is a general rise in prices, and an economic revival throughout the world which will lead to an increased demand for our products. Our own action alone cannot provide this. International action is required. On this subject one can at least say that the present signs are more hopeful, and that there now seems to be a fair prospect that the great problems of war debts and reparations which have been weighing so heavily on the world may be settled this summer in such a way as to make some recovery possible.

I have dwelt on world conditions and said little about internal political conditions. Here the mere fact that constitutional changes are impending makes it all the more necessary that we should preserve the country's financial foundations in a sound condition and convince the world that any future Indian Government will so maintain them. The latter is a task on which Indian leaders should concentrate. But just at this time we see, on the contrary, efforts in certain quarters to propagate mistrust, and to impede the normal course of trade. I have taken no account of any effects from those efforts in my calculations. Local effects there may be, and Bombay, for example, with her strange passion for self-inflicted wounds, may, unless the commercial interests so threatened bestir themselves, find herself wounded beyond recovery and in danger of losing her place as a commercial market, just as she has been losing her industrial place to other centres. But, so far as India as a whole is concerned, we confidently believe that such efforts will fail to have any appreciable effect on her economic life, and that ultimately the good sense of the country will prevail.

82. In the circumstances which I have described we have taken such financial measures as we think that we can fairly ask the country to support at the moment, but the situation still needs careful watching. And this brings me to the last subject which I wish to mention. In times like the present, when every country is struggling for its financial and economic existence, the best chance for any nation is that all its available forces for national effort should be marshalled together. That is what has happened in England, and as a result England has once again resumed her front place, and may help to give a lead to the countries of the world in finding a way out of this disastrous economic crisis. Is it vain even now to ask for such co-operation in India when we are trying to establish sound conditions for the new constitution? I have just said that the whole financial

situation still wants careful watching. Let me mention the following practical points. First, the general question of a permanent reduction in the scale of Government expenditure is by no means yet finally disposed of. Secondly, if the economic condition of the world should worsen during the coming year it may react upon us, and we may require further measures to protect our position. Thirdly, we shall need to consider most carefully before the next Budget the working of the new taxes which we imposed as emergency measures, and the shaping of our financial policy in a more permanent form to meet the needs of the future when greater stability has returned and when conditions can be foreseen with greater certainty. Lastly, I must make a short reference to one feature on which I have not dwelt fully in my general review—namely, the finances of the Provincial Governments. Many of them are labouring under financial difficulties which in some respects are greater than our own, and, as I have already indicated, have had recourse to loans from the Central Government in order to cover budgetary deficits. This is a problem which affects India as a whole, and in it we all have a common interest. I will say no more now than that the position will require very careful consideration during the coming year. If in the handling of these problems representatives of the unofficial communities in India were ready to give their advice and support to Government, I feel confident that the national interests would benefit from such co-operation. Honourable Members may perhaps take up these points in debate.

83. In the picture which I have drawn I have tried to give a fair account both of the conditions which encourage hope and of the factors which call for caution. For the coming year we must pray for good crops, and recognise that beyond this much depends on events outside India. In the meanwhile let us not belittle such elements of good fortune as have come to us. We have in the past year ridden a storm which might well have wrecked us, but we have emerged from it stronger than before. We have overhauled our expenditure and reduced this to a level which should leave us a margin of revenue when any economic recovery begins, and at least substantially ease the financial problems at the start of the new Constitution. Difficulties there are which still remain to be overcome, and tasks to be accomplished. If the Indian public would co-operate in a common effort with Government, this could be done more surely and more easily; but we are determined that it shall be done. In the meanwhile, if we look round the world in the present times of difficulty we may fairly claim that there is no country in the world whose intrinsic financial position is sounder, or whose ultimate prospect of economic advance in the future is more bright.

GEORGE SCHUSTER.

The 7th March 1932.

BUDGET

of the
Governor-General in Council,
as laid before the
Indian Legislature, 1932.

FINANCE DEPARTMENT,
New Delhi, the 7th March 1932.

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A. F. L. BRAYNE,
Offg. Secretary to the Govt. of India.

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BUDGET FOR 1932-33.

I.—General Statement of the Revenue and Expenditure charged to

	For details, vide State- ment.	Accounts, 1930-31.	Budget Estimate, 1931-32.	Revised Estimate, 1931-32.	Budget Estimate, 1932-33.
		Rs.	Rs.	Rs.	Rs.
Revenue—					
Principal Heads of Revenue—					
Customs	A	46,80,76,245	56,45,97,000	46,22,55,000	52,31,27,000
Taxes on Income	,,	16,00,33,362	17,44,54,000	17,30,49,000	18,73,38,000
Salt	,,	6,63,22,449	7,05,00,000	8,48,03,000	9,43,40,000
Opium	,,	2,53,27,460	2,15,58,000	1,98,24,000	1,32,63,000
Other Heads	,,	2,08,22,337	2,21,46,000	2,15,08,000	1,79,39,000
TOTAL PRINCIPAL HEADS .		74,20,81,853	85,32,55,000	76,14,39,000	83,60,07,000
Railways: Net Receipts (as per Rail- way Budget)	A	39,13,71,085	39,54,02,000	33,66,51,000	34,18,44,000
Irrigation: Net Receipts	,,	4,83,307	13,75,000	9,39,000	1,60,000
Posts and Telegraphs: Net Receipts .	,,	—60,30,910	—49,21,000	—42,54,000	78,99,000
Interest Receipts	,,	3,38,42,993	2,91,99,000	2,34,89,000	1,80,12,000
Civil Administration	,,	96,87,409	1,03,45,000	95,09,000	90,11,000
Currency and Mint	,,	1,24,30,493	63,34,000	1,85,25,000	3,31,17,000
Civil Works	,,	27,15,147	24,85,000	23,40,000	26,79,000
Miscellaneous	,,	95,64,305	73,89,000	1,58,33,000	66,87,000
Military Receipts	,,	8,98,89,885	4,47,57,000	4,06,60,000	4,17,96,000
Provincial Contributions and miscel- laneous adjustments between Central and Provincial Governments	,,	...	...	...	...
Extraordinary Items	,,	99,20,155	30,44,000	15,63,000	23,91,000
TOTAL REVENUE .		1,24,59,55,721	1,34,66,64,000	1,20,76,94,000	1,29,96,29,000
DEFICIT .		11,58,44,974	...	13,85,84,000	...
TOTAL .		1,36,18,00,695	1,34,80,64,000	1,34,42,78,000	1,29,96,29,000

BUDGET FOR 1932-33.

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Revenue of the Central Government, in India and in England.

	For details, vide State- ment.	Accounts, 1930-31.	Budget Estimate, 1931-32.	Revised Estimate, 1931-32.	Budget Estimate, 1932-33.
		Rs.	Rs.	Rs.	Rs.
Expenditure—					
Direct Demands on the Revenue	B	4,33,10,309	4,40,34,000	4,20,55,000	4,16,64,000
Forest and other Capital outlay charged to Revenue	"	4,02,049	2,16,000	1,22,000	3,16,000
Railways : Interest and Miscellaneous Charges (as per Railway Budget)	"	33,40,13,753	34,18,00,000	33,86,51,000	34,18,44,000
Irrigation	"	35,56,690	22,10,000	21,61,000	4,32,000
Posts and Telegraphs	"	85,05,824	42,49,000	38,19,000	1,01,25,000
Debt Services	"	17,42,13,396	18,77,40,000	20,02,80,000	19,82,35,000
Civil Administration	"	13,33,80,640	13,06,36,000	12,32,40,000	9,64,93,000
Currency and Mint	"	96,96,003	72,71,000	1,04,01,000	70,02,000
Civil Works	"	2,62,62,387	2,41,28,000	2,22,68,000	11,94,19,000
Miscellaneous	"	4,30,07,563	4,08,92,000	4,20,06,000	4,00,09,000
Military Services	"	58,28,89,885	56,47,57,000	55,82,80,000	50,91,96,000
Miscellaneous adjustments between the Central and Provincial Govern- ments	"	...	...	...	1,03,00,000
Extraordinary Items	"	15,62,196	25,000	10,15,000	22,10,000
TOTAL EXPENDITURE CHARGED TO REVENUE		1,36,18,00,695	1,34,85,58,000	1,34,42,78,000	1,27,61,45,000
SURPLUS		...	1,08,000	...	2,14,84,000
TOTAL		1,36,18,00,695	1,34,86,64,000	1,34,42,78,000	1,29,76,29,000

II.—General Statement of the Receipts and Disbursements of the

	For details, vide Statement.	RECEIPTS.			
		Accounts, 1930-31.	Budget Estimate, 1931-32.	Revised Estimate, 1931-32.	Budget Estimate, 1932-33..
		Rs.	Rs.	Rs.	Rs.
Surplus	C	...	1,06,000	...	2,14,84,000
Railway Capital not charged to Revenue—					
Capital contributed by Railway Companies and Indian States towards outlay on State Railways (as per Railway Budget)	C	...	...	...	...
Debt, Deposits and Advances—					
Permanent Debt (net incurred)	C	46,97,53,501	10,21,62,000	1,20,70,000	...
Floating Debt (net incurred)	"	...	...	37,80,70,000	49,20,000
Unfunded Debt (net incurred)	"	5,78,41,378	9,69,72,000	19,87,94,000	11,71,03,000
Deposits and Advances (net)	"	...	7,44,43,000	...	6,73,02,000
Railway Depreciation and Reserve Funds as per Railway Budget (net)	"	...	1,04,33,000	...	51,21,000
TOTAL DEBT, DEPOSITS AND ADVANCES.	"	52,76,94,879	28,40,10,000	49,08,34,000	19,44,46,000
Remittances (net)	C	6,15,138	6,47,000	3,29,000	4,37,000
Balances of Provincial Governments (net)	"	...	...	...	1,02,66,000
TOTAL RECEIPTS	...	52,82,10,002	28,47,68,000	49,11,03,000	22,66,35,000
Opening Balance {	India	25,76,88,677	12,74,69,677	17,23,23,746	10,18,90,746
	England	8,51,57,663	6,46,96,683	7,40,43,787	14,71,59,787
TOTAL	...	87,10,01,362	47,69,29,360	73,80,30,538	47,50,85,533

BUDGET FOR 1932-33.

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Central Government, in India and in England.

	For details, vide State-ment.	DISBURSEMENTS.			
		Accounts, 1930-31.	Budget Estimate, 1931-32.	Revised Estimate, 1931-32.	Budget Estimate, 1932-33.
		Rs.	Rs.	Rs.	Rs.
Deficit		11,58,44,974	...	13,65,84,000	...
Railway, Irrigation, Posts and Telegraphs and other Capital outlay not charged to Revenue—					
Capital outlay on Security Printing Press	C	4,01,689	—3,94,000	—3,94,000	4,000
Construction of State Railways (as per Railway Budget)	"	13,20,67,359	11,45,00,000	8,35,00,000	4,15,00,000
Discharge of Debentures (as per Railway Budget)	"	...	...	...	...
Construction of Irrigation Works	"	27,553	67,000	15,000	...
Capital outlay on Posts and Telegraphs	"	—3,67,995	91,30,000	87,63,000	23,15,000
Capital outlay on Vizagapatam Port	"	38,73,238	43,18,000	37,52,000	55,55,000
Capital outlay on Light-houses and Light-ships	"	—12,821	...	—2,000	...
Currency Capital outlay	"	1,35,474	5,000	1,000	4,000
Initial expenditure on New Capital at Delhi	"	48,26,555	24,72,000	12,22,000	...
Payment of commuted value of pensions	"	42,65,721	37,38,000	38,26,000	48,55,000
Capital outlay on Bombay Land Scheme	"	2,10,37,335	...	...	...
Payments to Retrenched Personnel	"	...	...	10,00,000	25,00,000
TOTAL CAPITAL ACCOUNT DISBURSEMENTS		16,62,74,008	13,33,36,000	10,16,83,000	5,65,33,000
Debt, Deposits and Advances—					
Permanent Debt (net discharged)	"	...	...	...	12,06,10,000
Floating Debt (net discharged)	"	6,59,35,518	5,39,60,000	...	...
Deposits and Advances (net)	"	31,32,745	...	4,39,45,000	...
Railway Depreciation and Reserve Funds as per Railway Budget (net)	"	9,24,52,323	...	4,29,08,000	...
TOTAL DEBT, DEPOSITS AND ADVANCES		16,15,50,515	5,39,60,000	6,68,53,000	12,06,10,000
Loans and Advances by the Central Government (net Advances)	"	10,97,01,781	7,49,71,000	14,09,60,000	11,90,96,000
Balances of Provincial Governments (net)	"	7,07,62,551	3,21,00,000	2,36,00,000	...
TOTAL DISBURSEMENTS		63,41,33,829	20,48,67,000	48,89,50,000	20,62,18,000
Closing Balance { India	...	17,28,23,746	12,03,84,077	10,18,90,746	11,36,81,746
England	...	7,40,43,787	6,16,77,983	14,71,59,787	6,57,53,787
TOTAL		87,10,01,362	47,60,39,300	73,80,50,538	47,56,85,533

A.—Statement of the Revenue of the Central

HEADS OF REVENUE.	ACCOUNTS, 1930-31.				REVISED ESTIMATE,		
	India.	England.	Exchange.	TOTAL.	India.	England.	Item No.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Principal Heads of Revenue—							
I.—Customs	46,80,76,245	...	...	46,80,76,245	46,22,55,000	...	1
II.—Taxes on Income	16,00,33,362	...	...	16,00,33,362	17,30,49,000	...	2
III.—Salt	6,83,22,449	...	...	6,83,22,449	8,18,03,000	...	3
IV.—Opium	2,53,27,460	...	...	2,53,27,460	1,98,24,000	...	4
V.—Land Revenue	33,94,397	...	...	33,94,397	31,28,000	...	5
VI.—Excise	46,50,223	...	...	46,50,223	46,15,000	...	6
VII.—Stamps	28,01,728	...	...	28,01,728	25,62,000	8,000	7
VIII.—Forest	29,78,297	2,996	42	29,81,335	24,20,000	3,000	8
IX.—Registration	1,49,773	...	...	1,49,773	1,49,000	...	9
X.—Payments from Indian States	63,44,881	...	...	63,44,881	86,23,000	...	10
TOTAL	74,20,78,815	2,996	42	74,20,81,853	76,14,28,000	11,000	11
Irrigation, etc.—							
XIII.—Works for which Capital accounts are kept—Gross Receipts [*]	16,71,123	...	...	16,71,123	10,36,000	...	12
Deduct—Working Expenses	11,90,624	...	...	11,90,624	10,00,000	...	13
Net Receipts	4,80,499	...	...	4,80,499	9,36,000	...	14
XIV.—Works for which no Capital Accounts are kept	2,808	...	...	2,808	3,000	...	15
TOTAL	4,83,307	...	...	4,83,307	9,39,000	...	16
Posts and Telegraphs—							
XV.—Posts and Telegraphs—Indian Posts and Telegraphs Department—Gross Receipts	10,77,86,036	28	...	10,77,86,054	10,70,03,000	...	17
Deduct—Working Expenses	11,27,52,248	7,60,704	9,726	11,35,22,673	11,02,70,000	9,80,000	18
Net Receipts	—40,66,217	—7,60,676	—9,726	—57,36,619	—82,67,000	—9,80,000	19
Indo-European Telegraph Department—Gross Receipts	9,46,692	11,91,838	15,996	21,54,526	...	...	20
Deduct—Working Expenses	23,15,286	1,31,820	1,711	24,48,817	...	...	21
Net Receipts	—13,68,594	10,60,018	14,285	—2,94,291	...	...	22
TOTAL	—63,34,811	2,99,343	4,550	—60,30,910	—32,67,000	—9,80,000	23
Debt Services—							
XVI.—Interest	1,07,96,784	2,27,70,740	2,75,519	3,38,43,993	1,11,91,000	1,12,20,000	24
Carried over	74,70,24,045	2,30,73,078	2,80,120	77,08,77,243	77,02,81,000	1,02,00,000	25

* Sterling converted into Rupees at £1=Rs. 13½.

BUDGET FOR 1932-33.

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Government, in India and in England.

Item No.	1931-32.		Increase (+) Decrease (—) as compared with Budget, 1931-32.	BUDGET ESTIMATE, 1932-33.				Increase (+) Decrease (—) as compared with Revised 1931-32.
	Exchange.	TOTAL.		India.	England.	Exchange.	TOTAL.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	...	46,32,55,000	—10,23,43,000	52,31,37,000	...	...	52,31,37,000	+6,08,72,000
2	...	17,30,49,000	—14,05,000	18,73,38,000	...	...	18,73,38,000	+1,42,89,000
3	...	8,48,03,000	+1,43,03,000	9,43,40,000	...	...	9,43,40,000	+95,37,000
4	...	1,98,24,000	—17,34,000	1,32,63,000	...	...	1,32,63,000	—65,61,000
5	...	31,28,000	—6,53,000	14,58,000	...	...	14,58,000	—16,70,000
6	...	46,15,000	—1,89,000	38,67,000	...	...	38,67,000	—7,48,000
7	...	25,70,000	—1,52,000	33,01,000	...	...	33,01,000	+7,31,000
8	...	24,23,000	—8,20,000	17,89,000	...	...	17,89,000	—6,34,000
9	...	1,49,000	—2,000	86,000	...	...	86,000	—63,000
10	...	88,23,000	+11,78,000	74,38,000	...	...	74,38,000	—11,85,000
11	...	76,14,39,000	—9,18,16,000	7,60,07,000	...	...	68,60,07,000	+7,45,68,000
12	...	19,36,000	—4,21,000	1,83,000	...	...	1,83,000	—17,53,000
13	...	10,00,000	—16,000	1,52,000	...	...	1,52,000	+8,48,000
14	...	9,36,000	—4,37,000	31,000	...	...	31,000	—9,05,000
15	...	3,000	+1,000	1,55,000	...	...	1,55,000	+1,52,000
16	...	9,39,000	—4,36,000	1,86,000	...	...	1,86,000	—7,53,000
17	...	10,70,03,000	—26,02,000	11,50,73,000	...	...	11,50,73,000	+80,70,000
18	7,000	11,12,57,000	+32,60,000	10,63,04,000	8,70,000	...	10,71,74,000	—40,33,000
19	—7,000	—43,54,000	+6,67,000	87,69,000	—8,70,000	...	78,99,000	+1,21,53,000
20	...	...	...	...	...	...	...	...
21	...	...	...	...	...	...	...	...
22	...	...	...	...	...	...	...	...
23	...	...	...	...	...	...	...	...
24	—7,000	—43,54,000	+6,67,000	87,69,000	—8,70,000	...	78,99,000	+1,21,53,000
25	78,000	2,24,89,000	—67,10,000	99,45,000	80,67,000	...	1,80,12,000	—14,77,000
26	73,000	78,06,13,000	—9,62,95,000	85,49,07,000	71,97,000	...	66,21,04,000	+8,14,91,000

BUDGET FOR 1932-33.

A.—Statement of the Revenue of the Central

HEADS OF REVENUE.	ACCOUNTS, 1930-31.				REVISED ESTIMATE		
	India.	England.	Exchange.	TOTAL.	India.	England.	Item No.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Brought forward	74,70,24,045	2,30,73,078	2,80,120	77,03,77,243	77,02,81,000	1,02,60,000	
Civil Administration—							
XVII.—Administration of Justice	2,82,647	...	...	2,82,647	2,82,000	2,000	1
XVIII.—Jails and Convict Settlements.	4,74,766	...	...	4,74,766	3,99,000	...	2
XIX.—Police	4,11,134	3,216	45	4,14,395	5,69,000	...	3
XX.—Ports and Pilotage	21,03,274	275	3	21,03,552	19,86,000	...	4
XX(1).—Light houses and Light ships	12,18,654	...	...	12,18,654	11,14,000	...	5
XXI.—Education	2,24,191	...	...	2,24,191	2,36,000	...	6
XXII.—Medical	3,01,984	10,603	149	3,12,736	3,63,000	1,000	7
XXIII.—Public Health	4,54,742	...	...	4,54,742	3,97,000	...	8
XXIV.—Agriculture	18,76,340	...	...	18,76,340	18,67,000	...	9
XXV.—Industries	30,165	...	...	30,165	19,000	...	10
XXVI.—Miscellaneous Departments	20,01,630	8,118	101	20,09,849	19,98,000	18,000	11
XXVI-A.—Indian Stores Department	2,85,371	...	...	2,85,371	2,71,000	...	12
TOTAL	96,64,898	22,912	298	96,87,408	94,90,000	19,000	13
Currency and Mint—							
XXVII.—Currency	1,17,84,598	1,55,603	2,130	1,19,42,331	1,77,43,000	...	14
XXVIII.—Mint	4,83,089	72	1	4,88,162	7,82,000	...	15
TOTAL	1,22,72,687	1,55,675	2,131	1,24,30,493	1,85,25,000	...	16
Civil Works—							
XXX.—Civil Works	27,15,808	—150	—2	27,15,147	23,40,000	...	17
Miscellaneous—							
XXXIII.—Receipts in aid of Superannuation	12,36,747	2,42,215	3,081	14,82,043	11,23,000	3,15,000	18
XXXIV.—Stationery and Printing	40,47,056	18,471	219	40,65,746	33,25,000	27,000	19
XXXV.—Miscellaneous	24,76,264	16,20,039	20,213	40,10,516	1,05,75,000	5,63,000	20
TOTAL	77,60,067	17,80,725	23,513	95,64,305	1,49,22,000	9,05,000	21
Military Receipts—							
XXXVI.—Army—							
Effective	1,91,93,574	32,03,609	41,676	2,24,38,859	2,30,66,000	88,85,000	22
Non-effective	25,35,119	82,09,680	1,14,157	1,08,58,956	18,71,000	78,27,000	23
	2,17,28,693	1,14,13,289	1,55,833	3,32,97,815	2,49,37,000	1,17,12,000	24
XXXVII.—Marine	21,55,790	42,742	506	21,99,128	3,08,000	21,000	25
XXXVIII.—Military Engineer Services	43,92,007	923	12	43,92,942	36,00,000	...	26
XXXVIII-A.—Transfers from Military Reserve Fund	...	...	...	...	...	...	27
TOTAL	2,82,76,490	1,14,56,954	1,56,441	3,98,60,885	2,68,45,000	1,17,33,000	28
Provincial Contributions and miscellaneous adjustments between Central and Provincial Governments—							
XXXIX-A.—Miscellaneous adjustments between the Central and Provincial Governments	...	...	...	...	...	...	29
Extraordinary Items—							
XL.—Extraordinary Receipts	51,00,000	47,58,318	61,837	99,20,155	8,00,000	7,58,000	30
XL-A.—Transfers from Revenue Reserve Fund	...	...	...	...	...	...	31
TOTAL	57,00,000	47,58,318	61,837	99,20,155	8,00,000	7,58,000	32
Railway Revenues as per Railway Budget	80,57,24,520	—43,97,172	—58,263	80,13,71,085	84,33,10,000	—46,27,000	33
TOTAL REVENUE	1,20,85,38,015	3,09,49,631	4,68,075	1,24,59,55,721	1,18,86,18,000	1,90,48,000	34

*Sterling converted into Rupees at £1 = Rs. 13½.

BUDGET FOR 1932-33.

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Government, in India and in England—*contd.*

1931-32.			Increase (+) Decrease (—) as compared with Budget, 1931-32.	BUDGET ESTIMATE, 1932-33.				Increase (+) Decrease (—) as compared with Revised, 1931-32.
Item No.	Exchange.	TOTAL.		India.	* England.	Exchange.	TOTAL.	
	Rs. 73,000	Rs. 78,06,13,000		Rs. —9,82,95,000	Rs. 85,49,07,000	Rs. 71,97,000	Rs. ...	
1	...	2,84,000	...	1,15,000	...	...	1,15,000	—1,69,000
2	...	3,99,000	—85,000	2,98,000	...	...	2,98,000	—1,01,000
3	...	5,69,000	—87,000	9,67,000	...	...	9,67,000	+3,98,000
4	...	19,88,000	—3,00,000	20,10,000	...	...	20,10,000	+24,000
5	...	11,14,000	—1,84,000	11,63,000	...	...	11,63,000	+49,000
6	...	2,36,000	+37,000	1,80,000	...	...	1,80,000	—56,000
7	...	3,63,000	—1,86,000	3,15,000	...	...	2,15,000	—1,48,000
8	...	3,97,000	—9,000	3,15,000	...	...	3,15,000	—82,000
9	...	18,57,000	+80,000	17,20,000	...	...	17,20,000	—1,37,000
10	...	18,000	—1,000	15,000	...	...	15,000	—4,000
11	...	20,14,000	+7,000	16,08,000	6,000	...	17,04,000	—3,10,000
12	...	2,71,000	—98,000	3,09,000	...	...	3,09,000	+38,000
13	...	95,09,000	—8,26,000	90,05,000	6,000	...	90,11,000	—4,98,000
14	...	1,77,43,000	+1,18,65,000	3,27,93,000	...	...	3,27,93,000	+1,51,49,000
15	...	7,82,000	+3,78,000	3,25,000	...	...	3,25,000	—4,57,000
16	...	1,85,25,000	+1,31,91,000	3,31,17,000	...	...	3,31,17,000	+1,45,92,000
17	...	23,40,000	—1,45,000	26,79,000	...	...	26,79,000	+3,39,000
18	...	...	...	...	...	...	...	...
19	2,000	14,39,000	—1,76,000	11,61,000	2,85,000	...	14,46,000	+7,000
20	...	82,53,000	—1,48,000	37,93,000	23,000	...	28,16,000	—4,36,000
21	4,000	1,11,43,000	+87,68,000	19,99,000	4,26,000	...	24,25,000	—87,17,000
22	6,000	1,55,33,000	+84,44,000	59,53,000	7,34,000	...	66,87,000	—91,46,000
23	27,000	2,69,78,000	+18,19,000	2,34,58,000	28,67,000	...	2,53,25,000	—16,53,000
24	55,000	97,53,000	+1,61,000	19,47,000	58,31,000	...	77,78,000	—19,75,000
25	82,000	3,07,31,000	+20,00,000	2,44,05,000	80,98,000	...	3,31,03,000	—36,28,000
26	...	3,29,000	—11,53,000	2,38,000	4,000	...	2,42,000	—87,000
27	...	36,00,000	—20,68,000	46,60,000	...	...	46,60,000	+10,60,000
28	...	...	—28,76,000	37,91,000	...	...	37,91,000	+37,91,000
29	83,000	4,06,60,000	—40,97,000	3,30,94,000	87,03,000	...	1,17,96,000	+11,96,000
30	...	...	...	...	...	...	...	...
31	...	...	...	...	...	...	...	...
32	...	...	...	...	...	...	...	...
33	5,000	15,63,000	—14,81,000	1,08,000	22,83,000	...	33,91,000	+8,36,000
34	...	...	...	...	...	...	...	...
35	6,000	15,63,000	—14,81,000	1,08,000	22,83,000	...	33,91,000	+8,28,000
36	...	...	...	...	...	...	...	...
37	—82,000	33,86,51,000	—5,67,51,000	34,63,45,000	—45,01,000	...	34,18,44,000	+31,93,000
38	1,33,000	1,20,76,94,000	—14,08,70,000	1,28,52,08,000	1,44,21,000	...	1,29,96,29,000	+9,19,35,000

BUDGET FOR 1932-33.

B.—Statement of the Expenditure charged to Revenue

HEADS OF EXPENDITURE.	ACCOUNTS, 1930-31.				REVISED	
	India.	England.	Exchange.	TOTAL.	India.	Item No.
	Rs.	Rs.	Rs.	Rs.	Rs.	
Direct Demands on the Revenue—						
1.—Customs	91,09,900	1,07,331	2,161	93,39,363	89,08,000	1
2.—Taxes on Income	73,72,695	99,010	1,219	74,72,924	73,35,000	2
3.—Salt	1,25,41,087	99,930	1,291	1,26,42,308	1,15,00,000	3
4.—Opium	73,21,299	1,13,720	1,464	74,36,483	50,20,000	4
5.—Land Revenue	9,93,343	...	...	9,93,343	9,50,000	5
6.—Excise	10,31,094	24,957	311	10,56,362	10,28,000	6
7.—Stamps	38,135	44,958	579	83,702	40,000	7
8.—Forest	34,43,808	2,10,730	2,739	36,57,267	30,17,000	8
9.—Registration	20,648	...	...	20,648	29,000	9
TOTAL	4,25,40,009	7,60,546	9,754	4,33,10,309	4,18,26,000	10
Forest and other Capital outlay charged to Revenue—						
3A.—Capital outlay on Salt Works	2,204	...	...	2,204	47,000	11
7A.—Capital outlay on Central Stamp Store	...	...	...	...	...	12
8A.—Forest Capital outlay	4,04,263	...	...	4,04,263	75,000	13
TOTAL	4,02,049	...	...	4,02,049	1,22,000	14
Irrigation, etc., Revenue Account—						
14.—Works for which Capital accounts are kept—						
Interest on Debt	12,68,047	...	...	12,68,047	12,61,000	15
15.—Other Revenue Expenditure	19,38,309	87,745	1,327	20,17,381	6,43,000	16
TOTAL	31,94,356	87,745	1,327	32,83,428	19,34,000	17
Irrigation, etc., Capital outlay charged to Revenue—						
18.—Construction of Irrigation, etc., Works—						
Financed from Ordinary Revenues	2,73,362	...	...	2,73,362	1,85,000	18
Posts and Telegraphs Revenue Account—						
17.—Posts and Telegraphs—						
Interest on Debt—						
Indian Posts and Telegraphs Department	76,12,689	...	...	76,12,689	80,35,000	19
Indo-European Telegraph Department	6,09,075	...	...	6,09,075	...	20
TOTAL	82,21,764	...	...	82,21,764	80,35,000	21
Posts and Telegraphs Capital outlay charged to Revenue—						
18.—Capital outlay on Posts and Telegraphs—						
Indian Posts and Telegraphs Department	18,05,877	...	...	18,05,877	10,30,000	22
Indo-European Telegraph Department	20,165	4,278	60	21,817	68,55,000	23
TOTAL	12,79,722	4,278	60	13,84,060	3,48,16,000	24
Debt Services—						
19.—Interest on Ordinary Debt	21,75,19,012	19,66,85,175	24,75,808	41,66,79,995	24,19,79,000	25
Deduct—Amount chargeable to—						
Railways	19,67,68,751	11,52,21,678	14,14,885	31,34,05,314	20,31,31,000	26
Irrigation	19,68,047	...	...	19,68,047	12,81,000	27
Posts and Telegraphs	88,67,558	...	...	88,67,558	87,79,000	28
Other heads	21,38,497	...	...	21,38,497	24,89,000	29
Provincial Loans Fund	6,54,87,245	...	...	6,54,87,245	7,26,00,000	30
Remainder chargeable to Ordinary Debt	5,65,07,086	8,14,63,497	10,00,923	2,80,17,334	4,82,51,000	31
20.—Interest on other Obligations	8,58,28,233	9,03,315	9,514	8,67,41,062	8,39,51,000	32
21.—Reduction or Avoidance of Debt	6,14,65,000	...	...	6,14,65,000	6,89,38,000	33
TOTAL	9,07,78,147	8,23,66,812	10,70,437	17,42,13,396	10,60,48,000	34
Carried over	14,60,87,809	8,32,19,381	10,81,578	23,00,88,208	15,40,44,000	

* Sterling converted into Rupees at £1 = Rs. 13½

BUDGET FOR 1932-33.

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of the Central Government, in India and in England.

Item No.	ESTIMATE, 1931-32.			Increase (+) Decrease (-) as compared with Budget, 1931-32.	BUDGET ESTIMATE, 1932-33.				Increase (+) Decrease (-) as compared with Revised, 1931-32.
	England.	Exchange.	TOTAL.		India.	England.	Exchange.	TOTAL.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	3,36,000	1,000	91,45,000	-6,01,000	89,55,000	1,48,000	...	91,03,000	-43,000
2	1,00,000	1,000	73,26,000	-4,00,000	82,33,000	95,000	...	83,28,000	+10,02,000
3	1,11,000	1,000	1,16,12,000	-8,01,000	1,12,67,000	71,000	...	1,13,38,000	-2,74,000
4	96,000	1,000	81,17,000	+7,54,000	71,10,000	52,000	...	71,62,000	-9,55,000
5	...	...	9,59,000	-30,000	5,42,000	...	...	5,42,000	-4,17,000
6	9,000	...	10,37,000	-2,73,000	15,68,000	27,000	...	15,95,000	-43,000
7	11,000	...	51,000	-30,000	14,15,000	30,000	...	14,45,000	+13,94,000
8	1,61,000	1,000	31,70,000	-5,45,000	19,50,000	1,55,000	...	21,35,000	-10,44,000
9	...	...	39,000	-3,000	16,000	...	...	16,000	-13,000
10	7,24,000	5,000	4,20,55,000	-10,79,000	4,10,89,000	5,78,000	...	4,16,61,000	-3,91,000
11	...	...	47,000	-55,000	2,31,000	...	...	2,31,000	+1,84,000
12	...	...	...	...	...	...	...	...	...
13	...	...	75,000	-39,000	85,000	...	...	85,000	+10,000
14	...	...	1,22,000	-94,000	3,16,000	...	...	3,16,000	+1,94,000
15	...	...	13,81,000	-6,000	2,70,000	...	...	2,70,000	-10,11,000
16	52,000	...	6,95,000	-39,000	96,000	44,000	...	1,39,000	-5,56,000
17	52,000	...	19,76,000	-45,000	3,65,000	44,000	...	4,09,000	-15,67,000
18	...	...	1,35,000	-4,000	23,000	...	...	23,000	-1,62,000
19	...	...	80,35,000	-63,000	95,18,000	...	...	95,16,000	+8,83,000
20	...	...	...	...	...	...	...	...	...
21	...	...	86,35,000	-63,000	95,18,000	...	...	95,18,000	+8,83,000
22	...	...	10,39,000	-11,000	6,07,000	...	...	6,07,000	-4,32,000
23	...	...	-58,55,000	-3,66,000	...	...	...	...	+58,55,000
24	...	...	-48,16,000	-3,07,000	6,07,000	...	...	6,07,000	+54,23,000
25	20,75,48,000	14,52,000	45,09,79,000	+1,60,31,000	25,78,36,000	20,16,53,000	...	45,94,89,000	+85,10,000
26	11,50,83,000	8,05,000	31,90,19,000	+31,09,000	20,76,23,000	11,57,20,000	...	32,33,43,000	-43,24,000
27	...	...	12,81,000	+6,000	2,70,000	...	...	2,70,000	+10,11,000
28	...	...	87,79,000	+98,000	96,62,000	...	...	96,62,000	-8,33,000
29	...	...	24,39,000	+8,000	24,77,000	...	...	24,77,000	-38,000
30	...	...	7,26,00,000	-31,00,000	8,14,02,000	...	...	8,14,02,000	-58,02,000
31	9,24,65,000	6,47,000	4,68,61,000	+1,61,47,000	4,35,98,000	8,59,33,000	...	4,38,35,000	-45,26,000
32	4,97,000	8,000	8,44,51,000	-47,08,000	8,81,41,000	5,75,000	...	8,7,16,000	+42,35,000
33	...	...	6,59,28,000	+11,01,000	6,51,84,000	...	...	6,51,84,000	-7,54,000
34	9,30,63,000	6,50,000	20,02,80,000	+1,25,40,000	11,27,27,000	8,65,08,000	...	10,93,36,000	-10,45,000
35	9,37,38,000	6,55,000	24,54,37,000	+88,88,000	16,46,42,000	8,71,80,000	...	26,17,72,000	+33,35,000

BUDGET FOR 1932-33.

B.—Statement of the Expenditure charged to Revenue

HEADS OF EXPENDITURE.	ACCOUNTS, 1930-31.				REVISED	
	India.	England.	Exchange.	TOTAL.	India.	Item No.
	Rs.	Rs.	Rs.	Rs.	Rs.	
Brought forward	14,00,87,309	8,32,19,381	10,61,678	23,09,68,268	15,40,44,000	
Civil Administration—						
22.—General Administration	1,54,86,045	57,10,137	73,793	2,12,71,965	1,49,14,000	1
23.—Audit	99,77,227	3,37,165	4,320	1,03,16,712	99,16,000	2
24.—Administration of Justice	14,35,848	1,01,223	1,262	15,28,330	14,62,000	3
25.—Jails and Convict Settlements	40,95,732	50,357	637	47,46,716	38,46,000	4
26.—Police	90,52,675	1,98,339	2,537	92,54,551	84,49,000	5
27.—Ports and Pilotage	22,81,015	3,44,240	4,371	26,29,626	23,51,000	6
27 (1).—Light Houses and Light Ships	12,18,633	...	...	12,18,633	11,14,000	7
28.—Ecclesiastical	23,53,274	8,51,188	10,896	32,15,368	22,77,000	8
29.—Political	1,83,08,865	12,20,544	15,405	1,96,05,614	1,51,19,000	9
29-A.—Frontier Watch and Ward	2,76,72,570	77,871	984	2,77,51,425	2,38,99,000	10
30.—Scientific Departments	82,44,539	10,59,500	13,068	93,16,077	70,96,000	11
31.—Education	61,42,079	96,117	1,231	62,38,427	61,81,000	12
32.—Medical	29,95,545	2,05,937	2,630	32,04,102	28,71,000	13
33.—Public Health	18,07,017	1,07,925	1,445	19,16,387	17,00,000	14
34.—Agriculture	46,98,885	1,21,063	1,550	48,21,548	33,21,000	15
35.—Industries	2,35,710	49,690	625	2,85,925	1,95,000	16
36.—Aviation	16,97,062	5,33,718	6,776	22,40,156	11,71,000	17
37.—Miscellaneous Departments	27,23,177	1,53,018	1,976	28,78,171	45,28,000	18
37-A.—Indian Stores Department	8,35,528	99,387	1,393	9,36,308	7,82,000	19
TOTAL	12,19,15,306	1,13,10,979	1,45,455	13,33,50,640	11,20,81,000	20
Currency and Mint—						
38.—Currency	40,05,826	54,264	669	47,20,759	40,03,000	21
39.—Mint	48,08,671	1,05,201	1,372	49,75,244	56,58,000	22
TOTAL	95,34,497	1,59,465	3,041	96,96,903	1,02,62,000	23
Civil Works—						
41.—Civil Works	2,61,91,403	70,131	853	2,62,62,387	2,31,88,000	24
Miscellaneous—						
43.—Famine—						
A.—Famine Relief	6,713	...	...	6,713	1,37,000	25
44.—Territorial and Political Pensions	30,40,821	1,12,745	1,433	31,54,000	31,23,000	26
45.—Superannuation Allowances and Pensions	25,34,063	2,28,39,651	2,89,301	2,50,5,915	39,84,000	27
46.—Stationery and Printing	48,58,946	61,043	7,686	49,26,674	47,19,000	28
47.—Miscellaneous	58,91,284	21,59,337	27,633	80,78,154	49,56,000	29
TOTAL	1,63,31,527	2,57,10,375	3,25,953	4,23,76,755	1,69,19,000	30
Miscellaneous capital outlay charged to Revenue—						
48-A.—Committed value of pensions financed from Ordinary Revenue	6,30,808	...	...	6,30,808	2,00,000	31
Military Services—						
49.—Army—						
Effective	35,19,51,888	8,34,04,540	10,73,196	43,65,19,536	34,73,70,000	32
Non-effective	3,50,47,505	4,88,93,431	6,31,378	8,61,72,314	5,00,29,000	33
49.—Marine	39,78,99,393	13,23,87,371	17,04,466	62,19,94,550	3,000,000	34
50.—Military Engineer Services	61,51,030	28,52,920	36,974	90,41,033	1,86,000	35
50.—Military Engineer Services	4,84,95,863	5,38,303	6,958	4,94,41,143	4,60,02,000	36
50-A.—Transfers to Military Reserve Fund	24,16,319	...	...	24,16,319	19,98,000	37
TOTAL	44,53,62,205	18,57,79,262	17,48,418	62,28,89,885	48,59,40,000	38
Contributions and miscellaneous Adjustments between Central and Provincial Governments—						
51-A.—Miscellaneous Adjustments between the Central and Provincial Governments	...	...	...	...	...	39
Extraordinary Items—						
52.—Extraordinary Payments	15,62,196	...	...	15,62,196	9,76,000	40
52-I.—Transfers to Revenue Reserve Fund	...	...	...	...	...	41
TOTAL	15,62,196	...	...	15,62,196	9,76,000	42
Railway Expenditure as per Railway Budget	20,22,26,409	13,01,80,971	16,06,373	33,40,13,753	20,80,15,000	43
TOTAL EXPENDITURE CHARGED TO REVENUE	97,04,41,560	38,04,48,404	40,10,671	1,36,18,00,635	96,03,08,000	44

* Sterling converted into Rupees at £1=Rs. 13½.

BUDGET FOR 1932-33.

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of the Central Government, in India and in England—*contd.*

ESTIMATE, 1931-32.				Increase (+) Decrease (-) as compared with Budget, 1931-32.	BUDGET ESTIMATE, 1932-33.				Increase (+) Decrease (-) as compared with Revised, 1931-32.
Item No.	England.	Exchange.	TOTAL.		India.	England.	Exchange.	TOTAL.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
	9,37,38,000	6,65,000	24,84,37,000	+99,88,000	16,46,42,000	8,71,30,000	...	25,17,72,000	+33,35,000
1	51,88,000	30,000	2,01,38,000	-8,51,000	1,04,00,000	48,60,000	...	1,52,68,000	-4,75,000
2	3,68,000	3,000	1,03,60,000	-3,48,000	9,70,000	3,57,000	...	97,38,000	-5,33,000
3	1,07,000	1,000	15,70,000	-16,000	8,80,000	96,000	...	9,34,000	-6,36,000
4	41,000	...	38,90,000	-3,88,000	25,80,000	53,000	...	56,23,000	-12,57,000
5	2,22,000	2,000	80,73,000	+3,04,000	52,56,000	1,35,000	...	53,80,000	-3,93,000
6	3,44,000	3,000	20,97,000	-3,82,000	21,05,000	3,70,000	...	4,78,000	-2,19,000
7	...	...	11,14,000	-1,84,000	11,55,000	8,000	...	11,63,000	+49,000
8	7,65,000	5,000	30,47,000	-1,99,000	21,03,000	8,14,000	...	39,17,000	-1,70,000
9	13,90,000	9,000	1,64,17,000	-2,000	1,31,79,000	13,43,000	...	1,44,22,000	-19,95,000
10	1,10,000	1,000	3,40,10,000	-13,36,000	2,18,40,000	1,00,000	...	2,19,40,000	-0,68,000
11	9,40,000	7,000	89,15,000	-1,73,000	55,53,000	3,84,000	...	64,70,000	-5,08,000
12	86,000	1,000	6,68,000	-5,13,000	33,99,000	71,000	...	34,70,000	-7,98,000
13	1,91,000	1,000	30,63,000	-3,91,000	31,17,000	1,56,000	...	23,73,000	-7,90,000
14	1,37,000	1,000	18,78,000	-1,83,000	1,79,000	1,37,000	...	13,76,000	-4,62,000
15	1,05,000	1,000	34,87,000	-3,41,000	1,15,000	1,74,000	...	22,39,000	-1,48,000
16	31,000	...	2,80,000	-44,000	1,92,000	27,000	...	2,19,000	-7,000
17	8,13,000	6,000	19,90,000	-14,87,000	8,74,000	26,000	...	9,00,000	-10,90,000
18	1,52,000	1,000	46,81,000	+3,30,000	10,58,000	1,46,000	...	21,04,000	-25,77,000
19	1,36,000	1,000	9,70,000	-10,600	5,40,000	67,000	...	6,10,000	-3,10,000
20	1,10,81,000	78,000	13,32,40,000	-73,96,000	8,68,37,000	96,66,000	...	9,64,93,000	-2,67,47,000
21	39,000	...	46,40,000	-4,16,000	47,03,000	30,000	...	47,35,000	+33,000
22	99,000	1,000	57,59,000	+29,46,000	23,01,000	66,000	...	23,67,000	-34,93,000
23	1,38,000	1,000	1,04,01,000	+25,30,000	69,04,000	98,000	...	70,00,000	-33,99,000
24	79,000	1,000	2,23,68,000	-18,60,000	1,92,65,000	1,61,000	...	1,94,19,000	-8,49,000
25	...	...	1,37,000	+6,000	...	...	...	...	-1,77,000
26	1,07,000	1,000	83,31,000	-6,000	30,38,000	1,07,000	...	31,45,000	-8,000
27	2,19,29,000	1,63,000	2,90,66,000	+10,13,000	18,50,000	2,13,93,000	...	2,61,42,000	+1,76,000
28	6,51,000	5,000	53,75,000	-11,94,000	36,40,000	5,30,000	...	41,70,000	-1,05,000
29	20,27,000	11,000	69,97,000	+11,45,000	44,07,000	18,45,000	...	63,52,000	-7,45,000
30	2,47,14,000	1,73,000	4,18,06,000	+9,64,000	1,59,35,000	2,38,74,000	...	3,98,08,000	-19,97,000
31	...	...	2,00,000	+1,50,000	2,00,000	...	...	2,00,000	...
32	6,94,64,000	4,86,000	41,73,20,000	-88,17,000	37,26,30,000	6,10,000	...	38,48,40,000	-3,24,80,000
33	4,88,58,000	3,40,000	5,50,39,000	+5,97,000	3,63,03,000	4,80,51,000	...	5,41,54,000	-8,75,000
34	11,83,22,000	8,78,000	60,35,49,000	-83,70,000	35,89,35,000	11,03,59,000	...	46,91,64,000	-3,33,65,000
35	29,77,000	30,000	3,10,000	-11,10,000	39,18,000	38,70,000	...	67,15,000	-5,07,000
36	4,06,000	3,000	4,86,01,000	+9,35,000	3,77,97,000	4,80,000	...	3,32,57,000	-3,74,000
37	12,17,25,000	8,51,000	65,83,60,000	-64,97,000	39,58,50,000	11,35,46,000	...	50,91,96,000	-1,99,54,000
38	...	...	...	...	1,00,00,000	...	...	1,00,00,000	+1,00,00,000
39	40,000	...	10,15,000	+9,90,000	19,86,000	2,24,000	...	32,10,000	+11,95,000
40	...	...	...	...	...	...	...	...	...
41	40,000	...	10,15,000	+9,90,000	10,80,000	2,24,000	...	32,10,000	+11,95,000
42	12,97,28,000	9,07,000	53,86,51,000	-31,49,000	21,14,17,000	13,04,27,000	...	34,18,44,000	+31,93,000
43	88,12,44,000	26,06,000	1,34,43,78,000	-43,80,000	91,30,19,000	36,61,26,000	...	1,27,81,45,000	-6,61,33,000

C.—Statement of Receipts and Disbursements of the

	Accounts, 1930-31.		
	India.	England.	TOTAL.
	Rs.	Rs.	Rs.
Revenue (from Statement A)	1,20,85,38,015	3,69,49,631	1,24,54,87,646
Exchange added to Revenue	4,68,075	...	1,68,075
TOTAL	1,20,90,06,090	3,69,49,631	1,24,59,55,721
Railway Capital not charged to Revenue—			
As per Railway Budget	..	...	...
Public Debt Incurred—			
Permanent Debt—			
<i>Sterling Debt—</i>			
6 per cent. Bonds, 1933-34	...	...	...
Other 6 per cent. Bonds	...	25,27,82,500	...
5½ per cent. Stock	...	11,69,29,859	...
4½ per cent. Stock	...	19,19,297	...
<i>Rupee Debt—</i>			
New Rupee Loan	...	...	...
6½ per cent. Treasury Bonds, 1935	...	...	...
6 per cent. Bonds, 1933-36	29,70,80,900	...	...
3½ per cent. Loans	7,91,000	...	...
TOTAL	29,78,71,900	37,16,81,656	66,95,03,556
Floating Debt—			
Treasury Bills—			
Issued to Public	1,59,02,75,000	...	...
Issued to Paper Currency Reserve	19,04,70,000	...	...
India Bills	...	5,39,79,452	...
Temporary Loans	15,00,00,000	8,00,00,000	...
TOTAL	1,93,07,45,000	13,39,59,452	2,06,47,04,452
Carried over	3,43,76,22,990	54,25,40,739	

* Sterling converted into Rupees at £1 = Rs. 18½.

BUDGET FOR 1932-33.

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Central Government, in India and in England—*contd.*

REVISED ESTIMATE, 1931-32.			BUDGET ESTIMATE, 1932-33.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1,18,85,13,000 1,33,000	1,90,48,000 ...	1,20,75,61,000 1,33,000	1,28,52,08,000 ...	1,44,21,000 ...	1,29,56,29,000 ...
1,18,86,46,000	1,90,48,000	1,20,76,84,000	1,28,52,08,000	1,44,21,000	1,29,96,29,000
..	...	...	...	...	..
...	13,33,33,000		...	...	
...	6,64,000		...	5,15,000	
...	4,28,14,000		...	13,13,000	
...	10,24,000		...	21,34,000	
...	...		14,50,00,000	...	
16,95,00,000	...		...	...	
6,00,900	...		4,28,000	...	
17,01,00,000	17,88,35,000	34,89,35,000	14,54,28,000	39,62,000	14,93,10,000
2,99,18,80,000	...		1,70,00,00,000	...	
78,38,20,000	...		98,56,00,000	...	
...	...		...	8,00,00,000	
14,50,00,000	...		...	...	
3,02,07,00,000	..	3,02,07,00,000	2,68,56,00,000	8,00,00,000	2,76,56,00,000
4,37,94,46,000	19,78,83,000		4,16,2,36,000	9,53,83,000	

C.—Statement of Receipts and Disbursements of the

	Accounts, 1930-31.		
	India.	England.	TOTAL.
	Rs.	Rs.	Rs.
Brought forward	3,43,76,22,990	54,25,40,739	
Unfunded Debt—			
Deposits of Service Funds	9,40,053	15,66,691	
Post Office Cash Certificates	11,78,32,638	...	
Savings Bank Deposits	36,44,09,189	...	
TOTAL	48,31,81,880	15,66,691	48,47,48,571
Deposits and Advances—			
Provincial Loans Fund	20,76,41,114	...	
Posts and Telegraphs Depreciation Fund	44,01,840	...	
Deposits of Local Funds—			
District Funds	17,13,40,478	...	
Other Funds	10,16,34,516	...	
Sinking Funds for Central Loans	2,01,15,022	...	
Other appropriations for Reduction or Avoidance of Debt	4,34,80,000	...	
Sinking Fund Investment Account	1,28,36,105	...	
Sinking Funds for loans granted to local bodies	4,28,006	...	
Gold Standard Reserve	...	89,14,69,173	
Gold Standard Reserve Revenue Equalisation Fund	...	2,83,02,601	
Paper Currency Reserve	...	6,66,14,701	
Appropriations for the reduction of created Securities in the paper Currency Reserve	...	...	
Deposits of Branch Line Companies	2,53,256	...	
Road Development Fund	98,03,207	...	
Post Office Cash Certificate Bonus Fund	40,86,718	...	
Departmental and Judicial Deposits	85,51,86,508	...	
Advances	33,57,93,198	5,94,471	
Discount Sinking Fund	46,08,000	...	
Gain or loss on revaluation, sale, transfer, etc., of assets of the Paper Currency Reserve	...	...	
Suspense	58,85,067	13,80,643	
Exchange on Remittance Accounts	52,97,481	...	
Miscellaneous	2,15,10,337	1,70,82,761	
Military Reserve Fund	24,15,319	...	
TOTAL	1,80,70,16,972	1,00,55,34,350	2,81,25,51,322
Railway Depreciation and Reserve Funds as per Railway Budget	13,07,12,003	...	13,07,12,003
Carried over	5,85,85,33,845	1,54,96,41,780	

* Sterling converted into Rupees at £1 = Rs. 13½.

BUDGET FOR 1932-33.

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Central Government, in India and in England—*contd.*

REVISED ESTIMATE, 1931-32.			BUDGET ESTIMATE, 1932-33.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
4,37,94,46,000	19,78,83,000		4,11,62,86,000	9,83,83,000	
9,18,000	17,63,000		9,10,000	18,02,000	
14,50,00,000	...		12,50,00,000	...	
40,15,37,000	...		39,55,49,000	...	
54,74,55,000	17,63,000	54,92,18,000	52,14,59,000	18,02,000	52,32,61,000
23,08,00,000	...		21,58,02,000	...	
38,29,000	...		40,69,000	...	
16,96,76,000	...		17,15,38,000	...	
10,00,20,000	...		10,03,10,000	...	
1,97,34,000	...		1,96,59,000	...	
5,10,31,000	...		5,03,45,000	...	
83,52,000	...		...	...	
4,15,000	...		4,13,000	...	
...	81,33,20,000		...	57,26,80,000	
...	3,22,00,000		...	...	
...	...		...	...	
3,00,82,000	...		...	...	
2,00,000	...		2,50,000	...	
1,00,00,000	...		1,14,00,000	...	
16,00,000	...		...	...	
85,31,64,000	...		74,28,03,000	...	
41,60,77,000	8,15,000		32,75,13,000	91,000	
48,41,000	...		50,85,000	...	
1,25,33,000	...		...	...	
2,77,93,000	2,51,000		2,49,73,000	2,32,000	
15,97,86,000	2,15,33,000		1,88,72,000	1,82,31,000	
18,98,000	...		...	...	
2,10,18,61,000	86,81,24,000	2,96,99,85,000	1,69,30,22,000	59,12,31,000	2,28, 2,56,000
13,43,00,000	...	13,43,00,000	13,70,00,000	...	13,70,00,000
7,16,30,62,000	1,06,77,70,000		6,46,77,17,000	6,31,11,000	

C.—Statement of Receipts and Disbursements of the

	ACCOUNTS, 1930-31.		
	India.	England.	TOTAL.
	Rs.	Rs.	Rs.
Brought forward	5,85,85,33,845	1,54,96,41,780	
Loans and Advances by the Central Government—			
Advances to Provincial Loans Fund	...	...	
Other Loans and Advances	82,22,090	...	
TOTAL	82,22,090	...	82,22,090
Remittances—			
Remittances within India—			
Inland Money Orders	90,36,26,828	...	
Other Local Remittances	...	...	
Other Departmental Accounts	95,294	...	
Net Receipts by Civil Treasuries from—			
Railways	68,29,085	...	
Posts and Telegraphs	...	...	
Net Receipts from Civil Treasuries by—			
Posts and Telegraphs	3,18,44,669	...	
Army, Marine and Military Engineer Services	37,50,55,328	...	
Remittances between England and India—			
Remittance Account—			
Iraq drawings	...	83,50,000	
Sale of Sterling	7,64,48,346	...	
Sale of Silver	...	3,13,61,881	
Other transactions	2,32,67,762	2,95,16,622	
Sterling purchased in India	...	7,19,33,333	
Transfers through the Gold Standard Reserve	...	8,32,96,000	
Transfers through the Paper Currency Reserve	2,18,95,275	2,34,19,219	
TOTAL	1,43,90,62,587	24,78,77,055	1,68,69,39,642
Balances of Provincial Governments	...	...	...
TOTAL RECEIPTS	7,30,58,18,522	1,79,75,18,835	
Opening Balance	25,76,33,677	(a) 8,51,57,683	
GRAND TOTAL	7,56,34,52,199	1,88,26,76,518	

* Sterling converted into Rupees at £1 = Rs. 13½.

(a) Of this amount, £3718 represents the funds of the Gold Standard Reserve.

Central Government, in India and in England—*contd.*

REVISED ESTIMATE, 1931-33.			BUDGET ESTIMATE, 1932-33.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
7,16,30,62,000	1,06,77,70,000		6,46,77,17,000	69,14,19,000	
...	...		...	...	
1,03,47,000	...		80,35,000	...	
1,03,47,000	...	1,03,47,000	80,35,000	...	80,35,000
88,46,00,000	...		90,54,00,000	...	
3,76,000	...		3,41,000	...	
3,21,77,000	...		3,09,36,000	...	
1,12,48,000	...		9,74,85,000	...	
1,81,92,000	...		1,69,51,000	...	
...	...		...	...	
36,44,74,000	...		32,99,30,000	...	
...	85,20,000		...	80,00,000	
18,73,04,000	...		...	...	
...	2,55,84,000		...	66,80,000	
1,49,03,000	2,48,76,000		1,40,11,000	2,03,74,000	
...	47,00,00,000		...	32,67,00,000	
...	28,17,20,000		66,80,000	...	
...	...		...	...	
1,51,32,74,000	81,07,00,000	2,32,39,74,000	1,40,17,94,000	36,17,54,000	1,76,34,88,000
1,88,73,000	...	1,88,73,000	4,77,35,000	...	4,77,35,000
8,70,55,56,000	1,87,84,70,000		7,92,52,21,000	1,05,31,73,000	
17,28,23,746	(b) 7,40,43,787		10,18,90,746	(b) 14,71,59,787	
8,87,83,79,746	1,95,25,13,787		8,02,71,11,746	1,20,03,32,787	

* Sterling converted into Rupees at £ 1 = Rs. 13½.

(b) Of this amount, £1,085 represents the funds of the Gold Standard Reserve.

BUDGET FOR 1932-33.

C.—Statement of Receipts and Disbursements of the

ACCOUNTS, 1931-32.			
	India.	England.	TOTAL.
	Rs.	Rs.	Rs.
Expenditure (from Statement B)	97,04,41,560	38,64,48,464	1,35,68,90,024
Exchange charged as Expenditure	49,10,671	...	49,10,671
TOTAL	97,53,52,231	38,64,48,464	1,36,18,00,695
Irrigation, Posts and Telegraphs and other Capital Outlay not charged to Revenue—			
SECURITY PRINTING PRESS	4,01,689	...	4,01,689
IRRIGATION, ETC., WORKS	27,553	...	27,553
POSTS AND TELEGRAPHS	51,57,568	55,75,363	1,07,32,931
VIZAGAPATAM PORT	36,89,338	1,83,900	38,73,238
LIGHT-HOUSES AND LIGHTSHIPS	1,20,650	1,07,829	2,28,479
CURRENCY	1,35,474	...	1,35,474
INITIAL EXPENDITURE ON NEW CAPITAL AT DELHI	43,92,354	4,34,201	48,26,555
PAYMENTS OF COMMUTED VALUE OF PENSIONS	42,65,721	...	42,65,721
BOMBAY LAND SCHEME	2,10,37,335	...	2,10,37,335
PAYMENTS TO RETIREMENT PERSONNEL	...	...	...
TOTAL	3,90,26,382	48,39,633	3,41,86,749
RAILWAY CAPITAL NOT CHARGED TO REVENUE—			
As per Railway Budget	7,49,99,103	5,70,88,156	13,20,87,259
Public Debt Discharged—			
Permanent Debt—			
<i>Sterling Debt—</i>			
7 p. c. Stock	...	2,082	...
6 p. c. Bonds	...	...	...
5½ p. c. Stock	...	...	...
State Railway annuities	...	2,05,84,781	...
Do. Do. Sinking Funds	...	26,66,667	...
<i>Rupce Debt—</i>			
6 p. c. Bonds, 1930	15,42,36,200	...	...
Do. Do. 1931	...	...	...
Do. Do. 1932	...	...	...
Other 6 p. c. Bonds	1,71,600	...	...
5½ p. c. War Bonds, 1928	5,01,275	...	...
Other 5½ p. c. War Bonds	1,84,350	...	...
5 p. c. Loan, 1915-55	14,93,600	...	...
5 p. c. Loan, 1929-47	1,44,82,500	...	...
5 p. c. Loan, 1939-44	45,45,700	...	...
4 p. c. Terminable Loan	2,900	...	...
1 p. c. Railway Loan from Nawab of Rampur	...	...	...
Other Loans	9,22,400	...	...
TOTAL	17,64,96,525	2,32,53,530	19,97,50,055
Carried over	1,26,58,74,241	4,19,50,517	

*Sterling converted into Rupees at Rs. £1=18½.

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[illegible]

C.—Statement of Receipts and Disbursements of the

ACCOUNTS, 1930-31.

	India.	England.	TOTAL.
	Rs.	Rs.	Rs.
Brought forward	1,26,58,74,241	46,19,50,517	
Floating Debt—			
Treasury Bills—			
Issued to Public	1,39,68,70,000	...	
Do. Paper Currency Reserve	42,37,70,000	...	
India Bills	...	8,00,00,000	
Temporary Loans	15,00,00,000	8,00,00,000	
TOTAL	1,97,06,40,000	18,00,00,000	2,13,06,40,000
Unfunded Debt—			
Special Loans	31,705	...	
Deposits of Service Funds	13,65,150	82,730	
Post Office Cash Certificates	8,35,76,196	...	
Savings Bank Deposits	31,57,54,993	2,60,88,419	
TOTAL	40,07,86,044	2,61,71,149	42,69,07,193
Deposits and Advances—			
Provincial Loans Fund	20,79,94,245	...	
Posts and Telegraphs Depreciation Fund	4,73,082	...	
Deposits of Local Funds—			
District Funds	17,71,88,465	...	
Other Funds	10,54,41,038	...	
Sinking Funds for Central Loans	2,02,47,604	...	
Other Appropriations for Reduction or Avoidance of Debt	...	...	
Sinking Fund Investment Account	23,54,594	...	
Gold Standard Reserve	...	89,15,04,682	
Gold Standard Reserve Revenue Equalisation Fund	...	2,84,43,427	
Paper Currency Reserve	...	6,66,14,701	
Deposits of Branch Line Companies	4,83,175	...	
Road Development Fund	1,12,25,607	...	
Departmental and Judicial Deposits	88,22,18,123	...	
Advances	33,55,79,792	5,85,092	
Discount Sinking Fund	...	...	
Gain or loss on revaluation, sale, transfer, etc., of assets of the Paper Currency Reserve	4,94,42,969	...	
Suspense	1,84,58,782	14,22,162	
Exchange on Remittance Account	...	...	
Miscellaneous	2,11,284	1,57,95,243	
Military Reserve Fund	...	...	
TOTAL	1,81,13,18,760	1,00,48,65,307	2,81,56,84,067
Railway Depreciation and Reserve Funds as per Railway Budget	22,31,94,225	...	22,31,94,225
Carried over	5,67,17,63,270	1,65,14,86,973	

* Sterling converted into Rupees at £1=Rs. 13½.

BUDGET FOR 1932-33.

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Central Government, in India and in England—*contd.*

REVISED ESTIMATE, 1931-32.			BUDGET ESTIMATE, 1932-33.		
India	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1,15,25,62,000	63,02,64,000		1,11,96,92,000	48,49,95,000	
2,09,18,80,000	...		1,77,50,80,000	...	
34,98,90,000	...		98,56,00,000	...	
...	5,39,60,000		...	...	
14,50,00,000	...		...	...	
2,58,67,70,000	5,39,60,000	2,64,07,80,000	2,76,06,80,000	...	2,76,06,80,000
66,000	...		66,000	...	
13,34,000	2,15,000		13,41,000	2,14,000	
8,50,00,000	...		7,50,00,000	...	
36,38,09,000	...		32,95,34,000	...	
45,02,09,000	2,15,000	45,04,24,000	40,59,44,000	2,14,000	40,61,58,000
23,04,00,000	...		21,45,02,000	...	
97,000	...		1,68,000	...	
17,41,76,000	...		17,40,62,000	...	
10,22,30,000	...		10,10,93,000	...	
3,42,84,000	...		1,78,39,000	...	
8,87,000	...		...	...	
68,27,000	...		...	...	
...	81,33,20,000		...	57,26,80,000	
...	3,22,00,000		...	...	
...	...		...	...	
2,00,000	...		2,50,000	...	
1,10,00,000	...		97,00,000	...	
85,86,49,000	...		75,54,85,000	...	
41,94,59,000	7,62,000		32,57,37,000	91,000	
...	...		...	...	
8,30,61,000	...		...	...	
4,86,84,000	95,35,000		2,21,14,000	2,10,000	
13,69,59,000	...		...	...	
3,00,82,000	2,11,18,000		10,00,000	1,82,31,000	
...	...		37,91,000	...	
2,13,69,95,000	87,69,95,000	3,01,39,30,000	1,62,57,42,000	59,12,12,000	2,21,69,51,000
17,72,08,000	...	17,72,08,000	13,18,79,000	...	13,18,79,000
6,50,87,14,000	1,58,13,74,000		6,04,39,37,000	1,07,64,21,000	

C.—Statement of Receipts and Disbursements of the

ACCOUNTS, 1930-31.			
	India.	England.	TOTAL.
	Rs.	Rs.	Rs.
Brought forward	5,67,17,63,270	1,65,24,86,973	
Loans and Advances by the Central Government—			
Advances to Provincial Loans Fund	9,16,70,000	...	
Other Loans and Advances	2,62,53,871	...	
TOTAL	11,79,23,871	...	11,79,23,871
Remittances—			
Remittances within India—			
Inland Money Orders	30,55,78,634	...	
Other Local Remittances	10,35,456	...	
Other Departmental Accounts	...	...	
Net Payments into Civil Treasuries by—			
Railways	44,12,823	...	
Posts and Telegraphs	...	...	
Net Issues from Civil Treasuries to—			
Posts and Telegraphs	3,16,08,433	...	
Army, Marine and Military Engineer Services	37,47,57,782	...	
Remittances between England and India—			
Remittance Account—			
Iraq drawings	84,50,000	...	
Sale of Sterling	...	7,64,48,346	
Sale of Silver	3,13,61,881	...	
Other transactions	3,40,72,929	1,80,54,408	
Sterling purchased in India	7,19,33,333	...	
Transfers through the Gold Standard Reserve	8,32,96,000	...	
Transfers through the Paper Currency Reserve	2,34,19,219	2,18,95,275	
TOTAL	1,56,99,26,490	11,63,98,029	1,68,63,24,519
Balances of Provincial Governments	3,10,14,822	3,97,17,729	7,07,62,551
TOTAL DISBURSEMENTS	7,39,06,28,453	1,80,86,32,731	
Closing Balance	17,28,23,746	(b) 7,10,43,757	
GRAND TOTAL,	7,56,34,52,199	1,88,26,76,518	

*Sterling converted into Rupees at £1 = Rs. 13½.

(b) Of this amount, £3,748 represents the

BUDGET FOR 1932-33.

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Central Government, in India and in England—*concl'd.*

REVISED ESTIMATE, 1931-32.			BUDGET ESTIMATE, 1932-33.		
India.	* England.	TOTAL.	India.	* England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
6,50,37,44,000	1,56,13,74,000		6,04,39,37,000	1,07,64,21,000	
13,12,00,000	...		11,64,83,000	...	
2,01,07,000	...		1,06,48,000	...	
15,13,07,000	...	15,33,07,000	12,71,31,000	...	12,71,31,000
88,41,00,000	...		90,50,00,000	...	
2,04,000	...		3,95,000	...	
3,22,20,000	...		3,08,45,000	...	
1,12,48,000	...		9,74,85,000	...	
1,81,92,000	...		1,69,51,000	...	
...	...		...	...	
36,44,74,000	...		32,99,30,000	...	
85,20,000	...		80,00,000	...	
...	18,73,04,000		...	...	
2,55,84,000	...		66,80,000	...	
2,48,76,000	1,49,03,000		2,03,74,000	1,40,11,000	
47,00,00,000	...		32,67,00,000	...	
28,17,20,000	...		...	66,80,000	
...	...		...	...	
2,12,14,38,000	20,22,07,000	2,32,36,45,000	1,74,23,60,000	2,06,91,000	1,76,30,51,000
...	4,17,73,000	4,17,73,000	...	3,74,67,000	3,74,67,000
8,77,61,89,000	1,80,53,54,000		7,91,34,28,000	1,13,45,79,000	
10,18,90,746	(b) 14,71,59,787		11,36,83,746	(b) 6,57,53,787	
8,87,83,79,746	1,95,25,13,787		8,02,71,11,746	1,20,03,32,787	

funds of the Gold Standard Reserve.

D.—Abstract Statement of the Receipts and Disbursements of the Central Government, in India and in England.

Revenue and Expenditure.	ACCOUNTS, 1930-31.		REVISED ESTIMATE, 1931-32.		BUDGET ESTIMATE, 1932-33.	
	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Principal Heads of Revenue—						
Customs	45,87,26,963	...	45,31,10,000	...	51,40,34,000	...
Taxes on Income	15,25,60,438	...	16,57,23,000	...	17,90,10,000	...
Salt	5,56,80,151	...	7,31,91,000	...	8,30,01,600	...
Opium	1,78,90,977	...	1,17,07,000	...	61,01,000	...
Other Heads	1,39,63,015	...	1,56,53,000	...	1,22,06,000	...
TOTAL	69,87,71,544	...	71,93,81,000	...	79,43,43,000	...
Forest and other Capital Outlay charged to Revenue						
	...	4,02,619	...	1,22,000	...	3,16,000
Irrigation	...	30,73,353	...	12,32,000	...	2,46,000
Railways	5,73,57,332	...	...	...	...	...
Posts and Telegraphs	...	1,55,30,734	...	80,73,000	...	22,26,000
Debt Services	...	14,63,70,403	...	17,77,91,000	...	13,12,33,000
Civil Administration	...	12,36,63,332	...	11,37,31,000	...	8,74,32,000
Currency and Mint	27,34,490	...	81,24,000	...	2,61,15,000	...
Civil Works	...	2,35,47,240	...	1,99,28,000	...	1,67,40,000
Miscellaneous	...	3,34,43,258	...	2,61,73,000	...	3,33,22,000
Military Services	...	54,30,00,000	...	51,70,00,000	...	46,74,00,000
Provincial Contributions and Miscellaneous Adjustments between Central and Provincial Governments.	...	...	...	...	...	1,02,00,000
Extraordinary Items	83,57,959	...	5,48,000	...	1,81,000	...
TOTAL	76,72,21,323	83,30,66,299	72,80,56,000	86,46,40,000	82,06,39,000	79,91,55,000

D.—Abstract Statement of the Receipts and Disbursements of the Central Government, in India and in England—*concl'd.*

Revenue and Expenditure.	ACCOUNTS, 1930-31.		REVISED ESTIMATE, 1931-32.		BUDGET ESTIMATE, 1932-33.	
	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Surplus or deficit	...	11,68,41,974	...	13,66,84,000	2,14,84,000	..
Capital Account—						
Capital outlay on Security Printing Press	...	1,01,689	...	—3,94,000	...	4,000
Railway Capital not charged to Revenue	...	13,20,87,259	...	8,35,00,000	...	4,15,00,000
Construction of Irrigation Works	...	27,553	...	15,000	...	...
Capital outlay on Posts and Telegraphs	...	—3,67,995	...	87,63,000	...	23,15,000
Capital outlay on Vizagapatam Port	...	38,73,236	...	37,52,000	...	55,55,000
Capital outlay on Light-houses and Light-ships	...	—12,621	...	—2,000	...	...
Currency Capital outlay	...	1,35,474	...	1,000	...	1,000
Initial expenditure on New Capital at Delhi	...	48,26,555	...	13,22,000	...	...
Payment of commuted value of pensions	...	42,65,721	...	38,26,000	...	46,55,000
Capital outlay on Bombay Land Scheme	...	2,10,37,335	...	...	...	...
Payments to Retrenched Personnel	...	...	...	10,00,000	...	25,00,000
Debt, Deposits, Advances and Remittances—						
Permanent Debt	46,97,51,501	...	1,20,70,000	...	...	12,06,19,000
Floating Debt	...	6,59,35,548	37,99,70,000	...	40,20,000	...
Unfunded Debt	5,78,41,378	...	9,67,04,000	...	11,71,03,000	...
Deposits and Advances	...	9,56,14,967	...	8,68,68,000	7,24,28,000	...
Loans and Advances by Central Government	...	10,97,01,781	...	14,09,60,000	...	11,90,96,000
Remittances	6,15,123	...	3,29,000	...	4,37,000	...
Balances of Provincial Governments	...	7,07,63,551	...	2,29,00,000	1,02,63,000	...
Opening Balance	34,27,91,300	...	24,68,67,533	...	24,90,50,533	...
Closing Balance	...	24,68,67,533	...	24,90,50,533	...	17,94,37,533
TOTAL	87,10,01,363	87,10,01,363	73,80,30,533	73,80,30,533	47,56,85,533	47,56,85,533

Speech of the Financial Secretary in the Council of State on the 7th March 1932.

THE HONOURABLE MR. A. F. L. BRAYNE (Finance Secretary): Sir, I rise to present the statement of the estimated expenditure and revenue of the Governor General in Council for the year 1932-33 in respect of subjects other than Railways.

2. Five years ago it was my great privilege to present the first Budget to the House in this Chamber under very different circumstances from those which prevail to-day. Then we had a period of comparative prosperity behind us and the three previous years had shown substantial surpluses. In the budget of 1927-28 Government were therefore able to make proposals for the final abolition of the provincial contributions which stood in the way of provincial autonomy and development. To-day we live in a time when the whole world is suffering from a deep-seated economic malady, the symptoms of which are a catastrophic fall in prices, a deep depression in trade, and a general upheaval of all the old standards which make it difficult to forecast the financial prospects of the future. The year 1930-31 closed with a deficit of Rs. 11.58 crores, and for the current year we expect a deficit of Rs. 13.6 crores. This presents a gloomy picture which at the outset and in present conditions would seem to be of ill augury for the budget of 1932-33. Government have, however, expectations of considerable improvement from the full yield of new taxation, from substantial retrenchments in expenditure, and from a general amelioration in conditions of which signs are not wanting, and expect to realise a surplus next year of Rs. 2.15 crores. The means by which this result is secured will be found in detail in the various statements which will be placed in Honourable Members' hands, a study of which will, I hope, induce the conclusion that the Indian financial position can be justifiably regarded as sound and that when the economic crisis under which the whole world suffers begins to fade away, no country will be in a sounder position than India to move forward from strength to strength.

3. In the present statement I propose only to deal on broad lines with the position, avoiding too great detail and the mass of figures which must accompany any fuller account. This is but an introduction to a fuller study of the papers which Honourable Members will be able to undertake before the general discussion on Friday. There are no surprises in this budget for, as His Excellency the Governor General has already announced, it is not intended at the present stage to propose any extensions or modifications of the scheme for increasing revenue which was placed before the House some months ago, and this budget statement must lose some of the interest which usually attaches to it.

4. Before I deal with the revenue and expenditure of the current and ensuing years, I will instance some salient features of the situation which provide a clue to the whole financial position. Exports of merchandise for the first ten months of the current year amounted in value to about Rs. 135 crores as against 265 crores for 1929-30, while the value of imported merchandise has fallen from 201 to 105 crores. These startling figures indicate to what extent our present difficulties are due to world conditions. Exports of jute and jute products have fallen from Rs. 69 crores to Rs. 28½ crores, raw cotton from 51 to 20, while under imports cotton manufactures have fallen from 49.7 to 15.9

crores, and sugar from 13·8 to 4·9 crores. Despite all this, our favourable trade balance, including treasure, for the first ten months is Rs. 71 crores as compared with Rs. 43 crores for 1929-30. Herein lies the significance of the export of gold. As an indication of our higher rates of taxation I may state that this year we have collected for ten months about Rs. 29 crores of import duty on Rs. 105 crores value of imports, as compared with Rs. 33 crores of duty on Rs. 201 crores of imports for 1929-30. A full report by the Director-General of Commercial Intelligence reviewing the trade statistics for 1931 is being circulated to Honourable Members.

5. It will be remembered that it was estimated in September last that on the then existing basis of taxation there would be deficits of over 19 crores in each of the years 1931-32 and 1932-33, and it was hoped that by new measures of retrenchment and taxation the deficit in the current year would be reduced to about Rs. 10 crores, and that for next year the full effect of these measures would produce a surplus of about Rs. 5½ crores. These were but rough estimates and our present position in the light of the most recent information is that we shall close this year with a deficit of Rs. 13·66 crores and that the surplus for next year will be Rs. 2·15 crores, a surplus, which I would emphasise, is based on severely reduced estimates of revenue and which provides a reasonable margin of safety. The net effect of the two years is a deficit of Rs. 11·5 crores, but I would remind the House that this is not so bad as it looks because for this year and next together we are providing no less than Rs. 13·7 crores from Revenue towards reduction or avoidance of debt, or 2·2 crores more than the total deficit for the two years. This provision is in no way recurrent expenditure and is a measure of specially conservative nature as practically the whole of the debt is covered by productive undertakings which themselves make adequate financial provision against depreciation. The real position is that as the net deficit of 11·5 crores for the two years is arrived at after providing 13·7 crores for reduction of debt, current receipts for the two years will actually exceed current expenditure by 2·2 crores, which may be regarded as a sound position if it is reached in these times of unexampled depression.

7. The increase in the deficit of the current year from the earlier estimate of 10 crores is mainly due to the fact that on the latest information the Customs estimates for the current year have to be reduced by 5 crores and the Income-tax estimates by 1 crore, but there is improvement of about 2½ crores under Finance heads mainly due to the improvement of the currency position, which leaves the net deterioration at about 3½ crores.

8. The total budget estimates for 1931-32 and 1932-33 are as follows :

	Revenue.	Expenditure.
Original—1931-32	134·87	134·86
Revised—1931-32	120·77	134·43
Budget—1932-33	129·96	127·81

As regards estimates of revenue for next year, the following are the main features :

Customs.—Under Customs the estimate for 1932-33 is 52·3 crores which is about 6 crores more than the revised estimate of the current year, as it takes into account the currency of the new taxation for a full year. It is

however, 4 crores less than the original estimate of the current year despite the additional duties, which shows that a large allowance is made for the depression in trade. Under this head the deterioration is most marked under sugar, silver, cotton piece-goods and liquors. In the case of sugar, whereas the average importation was 850,000 tons in recent years, the customs duty for 1932-33 is calculated on an import of 500,000 tons only, a decrease due mainly to fall in purchasing power though increased Indian production may play some part. The estimated decrease in revenue from sugar is 216 lakhs next year as compared with the original estimate for 1931-32 on the basis of duties without the surcharge.

Silver is another important factor. In 1930-31 the duty collected was 233 lakhs on 111 million ounces imported but for next year the estimate is only Rs. 160 lakhs on 34 million ounces.

Under cotton piece-goods the customs receipts are expected to be Rs. 186 lakhs less next year than in the 1931-32 budget and under liquors the deterioration is expected to be 79 lakhs.

Income-tax.—The estimate for 1932-33 is only 18·7 crores compared with 17·3 for the current year although the increase in rates of income-tax and the new levy on incomes between Rs. 2,000 and 1,000 were expected to yield an additional 3½ crores. Thus, substantial allowance has been made for deterioration in general conditions of business in the current year. In this connection I may say that the whole subject of evasion of the tax has been reviewed and Government are feeling their way towards certain methods which it is hoped will have valuable results.

Salt.—Under Salt revenue an improvement of 238 lakhs as compared with the current budget is expected from the abolition of the credit system and the surcharge.

Under Commercial Departments, the estimated revenue for the current year was 393 lakhs; for next year there will be a net loss of 19 lakhs. As Honourable Members are aware, no contribution from Railways is expected this year or next. Under Posts and Telegraphs, the loss on working in the next year after allowing for the full effect of retrenchment and increased charges, is expected to be about 16 lakhs. This does not take into account the effect of the recommendations of the Posts and Telegraphs Accounts Enquiry Committee which are under consideration, but any adjustments in accordance with those recommendations, while they might improve the results of the Department, would not affect the budgetary position as a whole. Under the head Currency and Mint an improvement of over 2½ crores is expected next year, which is mainly due to the anticipated increased profit on note circulation due to the expansion of currency against treasury bills: this merely represents a restoration of part of the reduction in currency profits which resulted from the much heavier contraction of the preceding two years.

9. I now come to the expenditure estimates for 1932-33, and here I enter upon the familiar ground of the retrenchment campaign which has yielded such very satisfactory results. At the outset I may perhaps be permitted to say that in my capacity as Retrenchment Officer I have been in close touch with the operations of the various Retrenchment Sub-Committees and had indeed the privilege of being Secretary to the Army Committee. I can thus testify to the extremely searching scrutiny to which the expenditure of the Government has been subjected by those Sub-Committees, the members of which have devoted weeks of intensive and exacting toil to their task. That

task is not complete as Government are awaiting further reports from four of the six Sub-Committees. As I was attached to the Inchcape Committee throughout its enquiry nine years ago, I think I may say that the present campaign has been much more drastic and the scrutiny more severe than in the earlier enquiry, partly because the task was rendered more difficult as the field had already been gleaned once.

Nor should a tribute be omitted to the part which the Heads of Departments have played in carrying into effect the retrenchments recommended. It has been often a difficult and uncongenial task especially in those many cases where retrenchment has dealt a severe blow to activities of which they had just reason to be proud.

10. What then are the results achieved? In the supplementary budget the Finance Member estimated that retrenchment in civil expenditure including Posts and Telegraphs would produce a saving of Rs. 325 lakhs against which there would be terminal charges for compensation, etc., of about 75 lakhs—the net result being a reduction of 250 lakhs, while from cuts in pay of civil officers a saving of 115 lakhs was expected. The actual result is that the gross saving on the civil side is 345 lakhs on account of definite measures carried out in respect of the recommendations of the Sub-Committees; to this Government have added a further 88 lakhs from further miscellaneous reductions, making altogether a reduction of 433 lakhs against a sum total of 499 lakhs recommended by the four civil Sub-Committees (excluding Railways and Army). The percentage is 87 which I trust Honourable Members will regard as satisfactory.

11. Against this gross total of 433 lakhs must be set 33 lakhs for terminal charges of retrenched personnel, leaving 400 lakhs net compared with 250 lakhs assumed by the Finance Member in his supplementary budget. Temporary cuts in pay will yield 122½ lakhs compared with 115 lakhs assumed at the earlier stage. The gross total of retrenchments and cuts in pay on the civil side is thus 555 lakhs.

On the military side, in the supplementary budget a net reduction of 525 lakhs was assumed for next year including cuts in pay; this figure has been maintained in the estimates for 1932-33 and is composed of 228 lakhs out of 278 lakhs recommended by the retrenchment committee, 182 lakhs from other measures of retrenchment including postponement of the programme of re-equipment, and 140 lakhs from cuts in pay.

The sum total of reductions due to retrenchment and cuts in pay on the civil and military estimates thus amounts to just over 11 crores, of which 843 lakhs represents retrenchments and 262 lakhs cuts in pay.

12. Now in regard to the effect of retrenchments on the civil side, I must refer to certain items of expenditure which go to reduce the actual result as reflected in the budget estimate. In the first place, there is unavoidable expenditure of Rs. 35 lakhs on increments of pay to Government establishments—there is the sum of Rs. 33 lakhs to be paid out in terminal charges for retrenched personnel: these are unavoidable charges. But in addition to this there is certain expenditure which must be provided for and which is inevitable. This may be divided into two categories—

- (a). New expenditure, which is apparent only, inasmuch as it does not represent real fresh expenditure. Under this head I would mention provision of 22½ lakhs for the Nasik Printing Presses. This results from recommendations both of the General Purposes and Public

Accounts Committees to the effect that the budget in future should show gross figures of expenditure and receipts instead of, as in this year, a net figure. This of course adds 22½ lakhs to the expenditure side which, however, is more than balanced by receipts. Again, the Central Government is taking over from Bombay the direct administration of Aden, which means an addition of 5 lakhs to the expenditure side, but this is counter-balanced by 6½ lakhs additional revenue. The Delhi Capital account has been closed down with the result that expenditure now charged to capital will henceforth be charged to revenue. This adds 17 lakhs to the budgeted expenditure but is in no real sense a new item. Against this there are receipts of about 7 lakhs. There is also under this head an extra charge of 8½ lakhs for interest on the Posts and Telegraphs Department. Further, it has been necessary to provide Rs. 12½ lakhs for additional Income-tax staff in consequence of the doubling of the number of assesses.

- (b) There is a second class of expenditure which represents unavoidable new outlay. Examples are—5½ lakhs for the Round Table Conference, 6 lakhs for the inauguration of the new province in the North-West Frontier, 3½ lakhs for the Delhi Conspiracy case.

All together under the first class the extra provision is about 89 lakhs and under the second head 29 lakhs—or a total of 118 lakhs. These items have been mentioned because the position becomes complicated when an attempt is made to trace the actual effect of the retrenchments on the budget figure. At this stage I would draw the attention of Honourable Members to the very full memoranda which have been supplied showing the results of the retrenchment operations in great detail. If any Member find any difficulty in understanding any point or any figures, I shall be only too glad to give all the help I can.

The effect of retrenchment on the establishments of Government is one which all of us must find distressing, but it indicates the extent of the retrenchment. In pursuance of the campaign the following appointments in the Civil departments including Posts and Telegraphs have been or will shortly come under reduction so far as information is at present collected—

Gazetted officers	299	} a total of 7,063.
Ministerial and other superior establishment	5,279	
Inferior establishment	1,485	

The reductions in military establishment amount to nearly 16,000 men.

13. There is one important point in the budget this year which complicates the account to which I would draw the attention of the House. That is the change in the position of the North-West Frontier Province and its effect on the estimates. This is described in full in my memorandum, but briefly the position is that Rs. 66½ lakhs drop out of the receipt side of the budget, while 163½ lakhs disappear from the expenditure side. This is a net difference of 97½ lakhs which represents the deficit of the province; instead the Government have now provided for a subvention of one crore of rupees. The subvention is to be in operation for three years or until the new Constitution for India is established, whichever is earlier. There is, however, a complication which arises out of the fact that the new Council cannot come into being till later on in the month of April than was anticipated and that the revenue

and expenditure will remain as central transactions for that period of delay. I would say a few words as regards the fixing of the subvention which has been a matter of some difficulty in the present abnormal times. The North-West Frontier Province Subjects Committee suggested a basic contribution of 117 lakhs but left it to Government to make adjustments in the revenue figures for the present low prices, nor could they at the time anticipate the results of the retrenchment campaign. Government have since had that advantage and have considered the advance recommendations of the General Purposes Retrenchment Committee, and in consequence they have formulated a budget for the province on the same lines as they would have done had the administration remained with them, except that allowance had to be made for the extra cost of the administration. They have, however, made no provision for increasing the resources to provide for any programme of expansion, nor could they do so at a time when the rest of India is compelled to a policy of severe curtailment of its beneficent activities. But Government maintains that they have dealt fairly with the province in the circumstances and it is to be hoped that the Provincial Administration will be in a position to utilise its resources to a fuller extent than may have been done under a central administration.

14. I have already dealt briefly with the military estimates for next year, but it is necessary to explain the position further. The Army Department memorandum explains how the net decrease by $5\frac{1}{4}$ crores to 46.65 crores has been arrived at. It is made up of 140 lakhs from cuts in pay and 310 lakhs from retrenchment, against which there is expenditure of 25 lakhs on certain unavoidable new items such as the Indian Sandhurst. Of the saving on cuts in pay only 17 lakhs can be regarded as permanent, the remainder is due to the cut of 10 per cent. which, as Honourable Members know, is a temporary measure. Out of the 310 lakhs of retrenchment, about 65 represents savings which are not strictly recurrent as they result from eating up of stocks and postponing building. In addition, one crore accrues from the postponement of the re-equipment programme. The Army authorities have throughout made it clear that they have only agreed to postpone their programme in order to meet the present national emergency and that the permanent cancellation could not be accepted consistently with maintaining the efficiency of the Army. His Excellency the Commander-in-Chief has given an assurance that he will not relax his efforts to secure further reductions in recurring expenditure both by pressing on with measures already accepted and by developing further lines which may present themselves, but he has made it clear that he does not see any hope of effecting economies from measures other than reduction of troops, which raises different issues, which would go near to make up the 123 lakhs which would result from restoring cuts in pay and the disappearance of 65 lakhs of other special savings. It has indeed only been possible to reach the reduced estimate for next year by reducing troops to effect a saving of Rs. 35 lakhs. Also there is the effect of the prices of food grains to be considered; if these rise to anything like the 1929 level, an event desirable enough on general grounds, there must be an automatic increase in military expenditure. Therefore His Excellency desires it to be made clear that he cannot regard the budget figure of 46.65 crores as representing a new standard level and that the normal cost of the Forces at their present strength when the cut in pay is restored must be recognised to be about 48 crores even if the prevailing low prices for grain, etc., continue. I have thought it right to let Honourable Members know the conclusion which His Excellency has drawn from the facts of the present situation. Government will continue to press for every possible economy and the retrenchment campaign is not to be regarded as finally closed with the present achievements.

15. Before I leave the subject of the estimates of expenditure, I would like to draw attention to a table on page 2 of my general memorandum which shows that whereas in the comparatively prosperous years from 1923 to 1928 the extent to which Government had to rely on tax revenue was only Rs. 68 crores, on the average, next year in a time of severe depression the call on tax revenue will amount to 77 crores. The reason for this pressure on tax revenue is not increased expenditure, for controllable expenditure has gone down in that period from 75 crores to 64 crores; the reason lies in the falling off of revenue from commercial departments, the finance heads and opium in which there is a reduction of nearly 11 crores next year compared with the average for the five years 1923—28. This is the real cause of deterioration to which must be added the abolition of provincial contributions which stood at Rs. 9 crores in 1923 and the increase in the provision for reduction or avoidance of debt from 4½ to 7 crores. A further point is that we are now meeting their full accrued liability in respect of Cash Certificates which means a further 2 crores. It is clear that the need for increasing tax revenue is not greatly increased expenditure but the heavy drop in the returns from the economic activities of Government and in the productivity of the country on which the revenue from taxation depends.

16. On the subject of Ways and Means I will not take up the attention of the House except to mention one or two salient features. In the current year the most important features have been the increase in provincial drawings by nearly 6 crores owing mostly to heavy deficits and loans to agriculturists to assist them to tide over the fall in prices or failure of crops. The other important feature was the addition of Rs. 35 crores to the resources as a result of expansion of currency against treasury bills. During 1930-31 and 1931-32 Government had to effect large contractions of the currency to avoid development of an inflationary position owing to the tremendous fall in world prices of all commodities. This process continued till September when the suspension of the Gold Standard produced a complete change in the situation. For various reasons a large demand for currency has arisen, which enabled Government to replace in the Paper Currency Reserve a large part of the Treasury Bills which had been cancelled during the previous two years and in this way to recover resources temporarily lost by the previous contraction: the net effect of contraction and expansion during the last three years has been to decrease resources by Rs. 8½ crores. Under loans, £10 million was raised in London in May 1931 but the 1932 loan was repaid from treasury balances—a net reduction of £5 million in sterling borrowing. The loan in India achieved nearly 17 crores against an estimate of 15 crores, and a satisfactory feature was the extent to which small investors took advantage of the loan in a time of depression. Another satisfactory feature is that the receipts this year from Post Office Cash Certificates are expected to amount to over 7 crores compared with the estimate of 4 crores. For next year the main feature is that it should not be necessary to raise any loans except for the purpose of meeting or converting maturing loan obligations. It is assumed that the 6 per cent. sterling bonds, 1932-33, which Government have the option to repay in June will be replaced by other sterling borrowing, but it may be possible to repay these bonds without borrowing in London if exchange continues strong. As regards rupee loans, it is expected to issue a loan of 14½ crores which is required to provide for the repayment of 0 per cent. 1932 bonds which fall due in October. If the recent improving tendency in the Government securities market continues, it should be possible to raise a larger loan in India on favourable terms, and in that case Government will probably take the opportunity to fund a part of the floating debt.

17. There are two questions which have engaged considerable attention during the year, the export of gold and the expansion of the currency.

As regards the first the House will have an opportunity of discussing the question and hearing the views of Government on the Resolution which my Honourable friend Rai Bahadur Jagdish Prasad proposes to move to-morrow and therefore I need not deal with the question now. As regards expansion of the currency, the criticism has been advanced that the recent expansion has not been justified by any rise in rupee prices and that the Government is in effect using the note printing press to meet its own requirements, thereby causing a dangerous inflationary position. Government were severely criticised before for contracting as they are now taken to task for expanding the currency. As to this charge the answer is simple that so long as the rupee exchange is pegged to something external either gold or sterling, currency cannot be expanded or contracted beyond the requirements of the public without the results becoming apparent in the exchange position. If Government expands currency to meet its own needs because its revenue is inadequate or its credit is bad, then exchange will weaken and collapse. The great improvement which has recently taken place both in credit and exchange is the best answer Government can give to its critics whose views are not shared by the money markets. To those who say that the recent rise in prices has not been sufficient to justify the extent of expansion of the currency, the only answer is that it has been absorbed and that there is no evidence in the Bank's figures or otherwise of an undue surplus. Where the money has gone it is not possible to say exactly. Some is required to meet the needs of trade with higher rupee prices and also currency must now be held to a large extent where gold now exported was held before. This shows a gratifying confidence in the country's currency. Whatever the critics may say, Government can assert with the greatest assurance that the position is sound. It is obvious that the recent improvement in the exchange position and in the demand for currency has been largely due to the sale and export of gold. If that were to cease and if there were to be any set back in the world with a renewed fall in gold and rupee prices, then Government may again have to reverse the process to maintain a sound position. Will the critics again shift the ground and criticise Government once more from the other side? For the present let us hope such a necessity will not arise.

18. I will now conclude this review. Government can justifiably maintain that their budgetary position is sound—expenditure has been heavily retrenched in accordance with the recommendations of the Retrenchment Committee, made after a severer scrutiny than has ever before been made; the revenue estimates are based on conservative data having regard to the present state of trade depression, and thus Government can face next year with a prospect of a fairly substantial surplus, while, even though the current year is closing with a nominal deficit, if we take into account the provision made from revenue for reducing debt, we can reckon on a surplus of receipts over expenditure for the two years combined. There are not wanting favourable signs in the increase of investments in Cash Certificates and Savings Bank deposits and in subscriptions by small investors to the Treasury Bonds. Again one may point to the easing of money rates, the repayment without borrowing of 15 million sterling in January and to the recent strong improvement in the price of Government securities both in India and in London. For example, the $3\frac{1}{2}$ per cent. sterling stock which in September last went down to 43 had risen on March 2nd to about 66 and other securities have also improved. The Secretary of State was able to point the other day with satisfaction to the fact that at the time, of such general economic depression, there was a striking

improvement in the general financial situation of the Government of India and that there were many signs, still uncertain but none the less hopeful, of better times.

The old landmarks are gone and Government are facing conditions for which there are in many respects no parallel. In these circumstances Government have taken such measures as they can fairly ask the country to support, but neither India nor any other country can feel that the position is assured. In India also there is the added difficulty of uncertainty about the political question and threats of civil disobedience directed mainly at impeding the ordinary course of trade, but no account of this feature has been taken in the estimates in the confident hope that ultimately the good sense of the country will prevail. Finally, if only world conditions improve, there is every ground for increasing confidence for the future. Despite the difficulties which remain, it would be hard to find a country in the world whose intrinsic financial position is sounder or whose prospects of economic advance in the future are more bright. (Applause.)

Details of voted and non-voted amounts included in the Demands for Grants for expenditure of the Central Government (excluding Railways) for the year 1932-33.

Number of Demand.	Service, Administration or Area to which demand relates.	Head of Account.	Amount.		
			Voted.	Non-voted.	Total.
†	A.—EXPENDITURE CHARGED TO REVENUE.		Rs.	Rs.	Rs.
16	Customs	Customs	80,34,000	22,25,000	89,59,000
17	Taxes on Income	Taxes on Income	79,21,000	3,12,000	82,33,000
18	Salt	Salt	71,42,000	43,56,000	1,14,98,000
19	Opium	Opium	89,90,000	1,72,000	71,62,000
20	Stamps	Stamps	13,24,000	67,000	13,91,000
21	Forest	Forest	4,93,000	1,80,000	6,73,000
22	Irrigation (including Working Expenses), Navigation, Embankment and Drainage Works.	Works for which capital accounts are kept, Miscellaneous Irrigation Expenditure, Construction of Irrigation, etc., Works.	2,45,000	3,38,000	5,83,000
23	Indian Posts and Telegraphs Department (including Working Expenses).	Posts and Telegraphs	10,67,90,000	1,10,09,000	11,77,99,000
	Interest on Debt and Reduction or Avoidance of Debt.	Interest on Ordinary Debt.	2,80,20,000	8,24,99,000	11,05,19,000
26	Interest on Miscellaneous Obligations.	Interest on other Obligations.	48,12,000	8,39,04,000	8,87,16,000
27	Staff, Household and allowances of the Governor-General.	General Administration.	3,91,000	8,63,000	12,59,000
28	Executive Council		85,000	4,16,000	5,01,000
29	Council of State		90,000	60,000	1,50,000
30	Legislative Assembly and Legislative Assembly Department.		7,09,000	82,000	7,91,000
31	Foreign and Political Department		7,74,000	1,99,000	9,73,000
32	Home Department		5,48,000	7,51,000	12,99,000
33	Public Service Commission		1,33,000	2,39,000	3,72,000
34	Legislative Department		2,93,000	1,77,000	4,70,000
35	Department of Education, Health and Lands.		5,25,000	1,67,000	6,92,000
36	Finance Department		9,32,000	2,45,000	11,77,000
38	Commerce Department		3,39,000	1,04,000	4,43,000
39	Army Department		4,54,000	92,000	5,46,000
40	Department of Industries and Labour.		4,42,000	1,15,000	5,57,000
41	Central Board of Revenue		1,45,000	85,000	2,30,000
42	Payments to Provincial Governments on account of Administration of Agency subjects.		2,44,000	36,000	2,80,000
43	Audit	Audit	85,46,000	8,30,000	93,76,000
44	Administration of Justice	Administration of Justice.	50,000	..	50,000
45	Police	Police	1,83,000	5,000	1,88,000
46	Ports and Pilotage	Ports and Pilotage	10,54,000	10,55,000	21,09,000
47	Lighthouses and Lightships	Lighthouses and Lightships.	11,43,000	20,000	11,63,000
48	Survey of India	Scientific Department.	14,79,000	5,55,000	20,34,000
49	Meteorology	Scientific Department.	15,26,000	83,000	16,09,000
50	Geological Survey	Scientific Department.	1,56,000	2,10,000	3,66,000
51	Botanical Survey	Scientific Department.	1,35,000	28,000	1,63,000
52	Zoological Survey	Scientific Department.	81,000	37,000	1,18,000
53	Archæology	Scientific Department.	8,86,000	1,34,000	10,20,000
54	Mines	Scientific Department.	1,16,000	1,08,000	2,24,000
55	Other Scientific Departments	Scientific Department.	2,68,000	..	2,68,000
56	Education	Education	11,84,000	29,000	12,13,000
	Carried over		19,26,82,000	19,24,92,000	38,51,74,000

†Demands Nos. 1- 15 relate to expenditure on Railways.

BUDGET FOR 1932-33.

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Details of voted and non-voted amounts included in the Demands for Grants for expenditure of the Central Government (excluding Railways) for the year 1932-33—*contd.*

Number of demand.	Service, Administration or Area to which demand relates.	Head of Account.	Amount.		
			Voted.	Non-voted.	Total.
			Rs.	Rs.	Rs.
	A.—EXPENDITURE CHARGED TO REVENUE—<i>contd.</i>	Brought forward	19,26,82,000	19,24,92,000	38,51,74,000
57	Medical Services	Medical	6,13,000	2,27,000	8,40,000
58	Public Health	Public Health	6,59,000	1,70,000	8,29,000
59	Agriculture	Agriculture	9,49,000	1,25,000	10,74,000
60	Imperial Council of Agricultural Research Department.	Do.	1,42,000	46,000	1,88,000
61	Civil Veterinary Services	Do.	6,02,000	67,000	6,69,000
62	Industries	Industries	1,48,000	17,000	1,65,000
63	Aviation	Aviation	8,72,000	2,000	8,74,000
64	Commercial Intelligence and Statistics.	Miscellaneous Departments.	2,60,000	48,000	3,08,000
65	Census	Do.	5,79,000	1,53,000	7,32,000
66	Emigration—Internal	Do.	23,000	10,000	33,000
67	External	Do.	1,69,000	47,000	2,16,000
68	Joint-Stock Companies	Do.	1,14,000	17,000	1,31,000
69	Miscellaneous Departments	Do.	4,40,000	65,000	5,05,000
70	Indian Stores Department	Indian Stores Department.	4,01,000	1,43,000	5,44,000
71	Currency	Currency	45,32,000	1,72,000	47,04,000
72	Mint	Mint	21,60,000	71,000	22,31,000
73	Civil Works	Civil Works	1,82,15,000	12,04,000	1,94,19,000
74	Superannuation Allowances and Pensions.	Superannuation Allowances and Pensions.	58,30,000	2,05,64,000	2,63,94,000
75	Stationery and Printing	Stationery and Printing.	39,40,000	41,000	39,81,000
76	Miscellaneous	Miscellaneous	10,12,000	27,59,000	37,71,000
76A	Expenditure on retrenched personnel charged to revenue.	Extraordinary charges.	19,25,000	2,75,000	22,00,000
77	Refunds	Distributed over respective heads of account.	84,12,000	2,14,19,000	2,98,31,000
78	North-West Frontier Province		1,00,18,000	1,25,79,000	2,25,97,000
79	Baluchistan		27,00,000	42,24,000	69,24,000
80	Delhi		44,32,000	3,24,000	47,56,000
81	Ajmer-Merwara		13,53,000	1,26,000	14,79,000
82	Andamans and Nicobar Islands		31,49,000	2,32,000a	33,81,000
83	Rajputana	Distributed over respective heads of account.	4,19,000	6,86,000	11,05,000
84	Central India		3,88,000	6,10,000	9,98,000
85	Hyderabad		2,71,000	5,82,000	8,53,000
85A	Aden		4,17,000	28,000	4,45,000
86	Expenditure in England—Secretary of State for India.		19,16,000	17,93,000	37,09,000
87	Expenditure in England—High Commissioner for India.		23,35,000	37,87,000	61,22,000
Non-voted.	Excise	Excise	..	2,22,000	2,22,000
	Ecclesiastical	Ecclesiastical	..	27,03,000	27,03,000
	Political	Political	..	85,88,000	85,88,000
	Frontier Watch and Ward	Frontier Watch and Ward.	..	1,01,20,000	1,01,20,000
	Territorial and Political Pensions	Territorial and Political Pensions.	..	31,45,000	31,45,000
	Bangalore	Distributed over respective heads of account.	..	12,83,000	12,83,000
	Western India States Agency	Military Services	..	15,19,000	15,19,000
	Military Services		..	50,91,96,000	50,91,96,000
	TOTAL (Carried over)		27,20,77,000	80,18,81,000	1,07,39,58,000(a)

(a) This figure is arrived at from the Budget Statement at follows :—

As per Statement B of the Budget Statement	Rs.
Add—Working Expenses—	1,27,81,45,000
Posts and Telegraphs	10,71,74,000
Irrigation	1,52,000
Refunds	3,03,31,000
	1,41,58,02,000
Deduct—Railway Expenditure	34,18,44,000
	1,07,39,58,000

BUDGET FOR 1932-33.

Details of voted and non-voted amounts included in the Demands for Grants for expenditure of the Central Government (excluding Railways) for the year 1932-33—concl'd.

Number of Demand.	Service, Administration or Area to which demand relates.	Head of Account.	Amount.		
			Voted.	Non-voted	Total.
	B.—EXPENDITURE CHARGED TO CAPITAL.	Brought forward .	Rs. 27,20,77,000	Rs. 80,18,81,000	Rs. — — 1,07,39,58,000
88	Capital outlay on Security Printing	Capital outlay on Security Printing Press	4,000	..	4,000
89	Forest Capital outlay	Capital outlay on Forests.	1,000	..	1,000
90	Irrigation	Construction of Irrigation Works.	1,000	..	1,000
91	Indian Posts and Telegraphs ..	Capital outlay on Posts and Telegraphs.	23,18,000	2,000	23,16,000
93	Capital outlay on Currency Note Press.	Currency Capital outlay not charged to Revenue.	4,000	..	4,000
94	Capital outlay on Vizagapatam Harbour.	Capital outlay on Vizagapatam Port.	55,52,000	3,000	55,55,000
95	Capital outlay on Light houses and Lightships.	Capital outlay on Light houses and Lightships.	1,000	..	1,000
96	Commuted value of Pensions .	Payment of Commuted Value of Pensions.	31,28,000	15,27,000	46,55,000
96A	Expenditure on retrenched personnel charged to capital.	Payments to retrenched personnel.	23,00,000	2,00,000	25,00,000
	TOTAL .		1,33,04,000	17,32,000	1,50,36,000
	C.—DISBURSEMENTS OF LOANS AND ADVANCES.				
98	Interest-free advances ..		66,34,000	..	66,34,000
99	Loans and advances bearing interest.		12,71,31,000	..	12,71,31,000
	TOTAL . .	..	13,37,65,000	..	13,37,65,000
	GRAND TOTAL .		11,91,46,000	80,36,13,000	1,22,27,59,000

No. D.4458-B.

GOVERNMENT OF INDIA.

FINANCE DEPARTMENT.

New Delhi, the 29th March 1932.

RESOLUTION.

The statements relating to the Revised estimates for 1931-32 and the Budget estimates for 1932-33, which were presented to the Legislative Assembly and the Council of State on the 25th February 1932 and the 7th March 1932, are now published for general information.

2. The reductions made by the Legislative Assembly in the Demands presented to them consisted of two token cuts of Rs. 100 each in Demand No. 28—Executive Council. These have been accepted so far as the demands are concerned. They do not however affect the figures in these statements which are in round thousands of rupees.

A. F. L. BRAYNE,

Secretary to the Government of India.

BUDGET

of the

Governor-General in Council,

March, 1932

FINANCE DEPARTMENT,
New Delhi, the 29th March 1932.

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A. F. L. BRAYNE,
Offg. Secretary to the Govt. of India.

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BUDGET FOR 1932-33.

I.—General Statement of the Revenue and Expenditure charged to

	For details, <i>vide</i> State- ment.	Accounts, 1930-31.	Budget Estimate, 1931-32.	Revised Estimate, 1931-32.	Budget Estimate, 1932-33.
		Rs.	Rs.	Rs.	Rs.
Revenue—					
Principal Heads of Revenue—					
Customs	A	40,80,76,345	58,45,97,000	48,32,55,000	52,31,37,000
Taxes on Income	"	18,00,33,362	17,44,54,000	17,30,40,000	18,73,38,000
Salt	"	6,83,32,440	7,05,00,000	8,48,03,000	9,43,40,000
Opium	"	2,63,27,400	2,15,58,000	1,98,24,000	1,32,63,000
Other Heads	"	2,03,22,337	2,21,46,000	2,15,08,000	1,79,39,000
TOTAL PRINCIPAL HEADS .		74,30,81,883	80,32,55,000	78,14,30,000	83,60,07,000
Railways: Net Receipts (as per Rail- way Budget)	A	39,13,71,085	39,54,02,000	33,88,51,000	34,18,44,000
Irrigation: Net Receipts	"	4,53,307	13,75,000	9,30,000	1,88,000
Posts and Telegraphs: Net Receipts .	"	—60,30,910	—49,21,000	—42,54,000	78,90,000
Interest Receipts	"	3,38,42,993	2,91,99,000	2,34,89,000	1,80,12,000
Civil Administration	"	98,87,408	1,03,45,000	95,00,000	90,11,000
Currency and Mint	"	1,24,30,403	63,34,000	1,85,25,000	3,31,17,000
Civil Works	"	27,15,147	24,85,000	23,40,000	26,79,000
Miscellaneous	"	95,64,308	73,89,000	1,58,33,000	68,87,000
Military Receipts	"	3,98,89,885	4,47,57,000	4,06,60,000	4,17,90,000
Provincial Contributions and miscel- laneous adjustments between Central and Provincial Governments	"	...	...	...	...
Extraordinary Items	"	92,30,155	30,44,000	15,63,000	33,91,000
TOTAL REVENUE .		1,24,59,55,721	1,34,86,64,000	1,20,76,94,000	1,39,98,29,000
DEBIT .		11,58,44,074	...	13,65,64,000	...
TOTAL .		1,36,18,00,695	1,34,86,64,000	1,34,42,78,000	1,20,98,29,000

BUDGET FOR 1932-33.

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Revenue of the Central Government, in India and in England.

	For details, vide State- ment.	Accounts, 1930-31.	Budget Estimate, 1931-32.	Revised Estimate, 1931-32.	Budget Estimate, 1932-33.
		Rs.	Rs.	Rs.	Rs.
Expenditure—					
Direct Demands on the Revenue	B	4,38,10,309	4,40,34,000	4,20,55,000	4,16,64,000
Forest and other Capital outlay charged to Revenue	"	4,02,049	3,16,000	1,23,000	3,16,000
Railways : Interest and Miscellaneous Charges (as per Railway Budget)	"	33,40,13,753	34,18,00,000	33,56,51,000	34,18,44,000
Irrigation	"	35,56,690	32,10,000	31,61,000	4,32,000
Posts and Telegraphs	"	95,05,824	42,40,000	36,19,000	1,01,25,000
Debt Services	"	17,43,13,396	19,77,40,000	20,02,60,000	19,92,35,000
Civil Administration	"	13,33,80,640	18,06,36,000	12,32,40,000	9,04,93,000
Currency and Mint	"	96,96,003	78,71,000	1,04,01,000	70,02,000
Civil Works	"	2,62,62,387	2,41,28,000	2,22,68,000	1,94,19,000
Miscellaneous	"	4,30,07,563	4,08,92,600	4,30,06,000	4,00,06,000
Military Services	"	58,28,69,365	56,47,57,000	55,82,60,000	50,01,96,000
Miscellaneous adjustments between the Central and Provincial Govern- ments	"	...	...	...	1,02,00,000
Extraordinary Items	"	15,62,106	25,000	10,15,000	22,10,000
TOTAL EXPENDITURE CHARGED TO REVENUE		1,36,18,00,695	1,34,85,58,000	1,34,42,78,000	1,27,81,45,000
SURPLUS		...	1,06,000	...	2,14,84,000
TOTAL		1,36,18,00,695	1,34,86,64,000	1,34,42,78,000	1,29,96,29,000

BUDGET FOR 1932-33.

II.—General Statement of the Receipts and Disbursements of the

	For details, vide Statement.	RECEIPTS.			
		Accounts, 1930-31.	Budget Estimate, 1931-32.	Revised Estimate, 1931-32.	Budget Estimate, 1932-33.
		Rs.	Rs.	Rs.	Rs.
Surplus	C	...	1,06,000	...	2,14,84,000
Railway Capital not charged to Revenue—					
Capital contributed by Railway Companies and Indian States towards outlay on State Railways (as per Railway Budget)	C	...	...	...	...
Debt, Deposits and Advances—					
Permanent Debt (net incurred)	C	46,97,58,501	10,31,62,000	1,30,70,000	...
Floating Debt (net incurred)	"	...	...	37,69,70,000	49,30,000
Unfunded Debt (net incurred)	"	5,78,41,978	9,69,72,000	9,87,94,000	11,71,03,000
Deposits and Advances (net)	"	...	7,44,43,000	...	6,73,03,000
Railway Depreciation and Reserve Funds as per Railway Budget (net)		...	1,04,33,000	...	51,21,000
TOTAL DEBT, DEPOSITS AND ADVANCES.	"	53,76,94,879	28,40,10,000	49,08,34,000	19,44,46,000
Remittances (net)	C	6,15,128	6,47,000	8,29,000	4,37,000
Balances of Provincial Governments (net)	"	...	...	...	1,02,68,000
TOTAL RECEIPTS	...	53,82,10,002	28,47,63,000	49,11,63,000	22,66,35,000
Opening Balance {	India	25,76,33,677	12,74,69,677	17,28,33,748	10,18,00,748
	England	8,51,57,683	6,46,96,683	7,40,43,787	14,71,59,787
TOTAL	...	87,10,01,363	47,80,29,360	73,80,30,533	47,56,56,533

BUDGET FOR 1932-33.

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Central Government, in India and in England.

	For details, vide Statement.	DISBURSEMENTS.			
		Accounts, 1930-31.	Budget Estimate, 1931-32.	Revised Estimate, 1931-32.	Budget Estimate, 1932-33.
		Rs.	Rs.	Rs.	Rs.
Deficit		11,58,44,974	...	13,65,34,000	...
Railway, Irrigation, Posts and Telegraphs and other Capital outlay not charged to Revenue—					
Capital outlay on Security Printing Press	C	4,01,689	—3,34,000	—3,34,000	4,000
Construction of State Railways (as per Railway Budget)	"	13,30,87,359	11,45,00,000	8,35,00,000	4,15,00,000
Discharge of Debentures (as per Railway Budget)	"	...	...	...	...
Construction of Irrigation Works	"	37,553	67,000	15,000	...
Capital outlay on Posts and Telegraphs	"	—3,67,995	91,30,000	87,63,000	23,15,000
Capital outlay on Vizagapatam Port	"	38,73,238	43,18,000	37,52,000	55,55,000
Capital outlay on Light-houses and Light-ships	"	—12,831	...	—2,000	...
Currency Capital outlay	"	1,35,474	5,000	1,000	4,000
Initial expenditure on New Capital at Delhi	"	48,36,555	24,72,000	13,22,000	...
Payment of commuted value of pensions	"	42,65,721	37,35,000	38,26,000	46,55,000
Capital outlay on Bombay Land Scheme	"	2,10,37,335	...	...	...
Payments to Retrenched Personnel	"	...	...	10,00,000	25,00,000
TOTAL CAPITAL ACCOUNT DISBURSEMENTS		16,62,74,008	13,39,36,000	10,16,83,000	5,65,33,000
Debt, Deposits and Advances—					
Permanent Debt (net discharged)	"	...	...	...	13,06,19,000
Floating Debt (net discharged)	"	6,59,35,548	5,39,80,000	...	...
Deposits and Advances (net)	"	31,32,745	...	4,39,45,000	...
Railway Depreciation and Reserve Funds as per Railway Budget (net)	"	9,24,52,222	...	4,29,08,000	...
TOTAL DEBT, DEPOSITS AND ADVANCES		16,15,50,515	5,39,80,000	8,68,53,000	13,06,19,000
Loans and Advances by the Central Government (net Advances)	"	10,97,01,781	7,49,71,000	14,09,60,000	11,90,96,000
Balances of Provincial Governments (net)	"	7,07,62,551	3,21,00,000	2,29,00,000	...
TOTAL DISBURSEMENTS	...	62,41,33,820	29,48,67,000	49,60,60,000	29,62,48,000
Closing Balance { India	...	17,28,23,746	13,03,84,677	10,16,90,746	11,36,83,746
England	...	7,40,43,767	6,16,77,663	14,71,50,787	6,67,63,767
TOTAL	...	87,10,01,362	47,69,39,360	73,80,30,533	47,66,55,533

A.—Statement of the Revenue of the Central

HEADS OF REVENUE.	ACCOUNTS, 1930-31.				REVISED ESTIMATE,		
	India.	England.	Exchange.	TOTAL.	India.	England.	Item No.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Principal Heads of Revenue—							
I.—Customs	46,80,76,245	...	...	46,80,76,245	40,22,55,000	...	1
II.—Taxes on Income	16,00,33,362	...	...	16,00,33,362	17,30,49,000	...	2
III.—Salt	6,53,22,440	...	...	6,53,22,440	8,48,03,000	...	3
IV.—Opium	2,53,27,100	...	...	2,53,27,100	1,98,24,000	...	4
V.—Land Revenue	33,94,397	...	...	33,94,397	31,28,000	...	5
VI.—Excise	46,50,223	...	...	46,50,223	40,15,000	...	6
VII.—Stamps	28,01,728	...	...	28,01,728	25,63,000	8,000	7
VIII.—Forest	29,78,297	2,996	42	29,81,335	24,20,000	3,000	8
IX.—Registration	1,49,773	...	...	1,49,773	1,40,000	...	9
X.—Payments from Indian States	63,44,881	...	...	63,44,881	86,23,000	...	10
TOTAL	74,20,78,815	2,996	42	74,20,81,853	76,14,28,000	11,000	11
Irrigation, etc.—							
XIII.—Works for which Capital accounts are kept—Gross Receipts	16,71,123	...	...	16,71,123	19,36,000	...	12
Deduct—Working Expenses	11,90,624	...	...	11,90,624	10,00,000	...	13
Net Receipt	4,80,499	...	...	4,80,499	9,36,000	...	14
XIV.—Works for which no Capital Accounts are kept	2,808	...	...	2,808	3,000	...	15
TOTAL	4,83,307	...	...	4,83,307	9,39,000	...	16
Posts and Telegraphs—							
XV.—Posts and Telegraphs—Indian Posts and Telegraphs Department—Gross Receipts	10,77,86,026	28	...	10,77,86,054	10,70,03,000	...	17
Deduct—Working Expenses.	11,97,52,243	7,60,704	9,726	11,88,22,673	11,02,70,000	8,80,000	18
Net Receipts	—49,66,217	—47,60,676	—9,726	—57,86,619	—32,67,000	—9,80,000	19
Indo-European Telegraph Department—Gross Receipts	9,46,092	11,91,838	15,996	21,54,526	...	...	20
Deduct—Working Expenses	22,15,286	1,31,820	1,711	24,48,517	...	...	21
Net Receipts	—13,68,594	10,60,018	14,285	—2,94,291	...	...	22
TOTAL	—62,84,811	2,99,343	4,550	—60,30,910	—32,67,000	—9,80,000	23
Debt Services—							
XVI.—Interest	1,07,90,734	2,27,70,740	2,75,519	3,38,42,993	1,11,81,000	1,12,20,000	24
Carried over	74,70,24,045	2,30,73,078	2,80,120	77,08,77,213	77,02,81,000	1,02,60,000	25

* Sterling converted into

BUDGET FOR 1932-33.

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Government, in India and in England.

1931-32.			Increase (+) Decrease (-) as compared with Budget, 1931-32.	BUDGET ESTIMATE, 1932-33.				Increase (+) Decrease (-) as compared with Revised, 1931-32.
Item No.	Exchange.	TOTAL.		India.	England.	Exchange.	TOTAL.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	...	46,32,55,000	-10,23,47,000	52,31,37,000	...	...	52,31,27,000	+6,08,72,000
2	...	17,30,40,000	-14,05,000	18,73,38,000	...	...	18,73,38,000	+1,42,89,000
3	...	8,48,03,000	+1,43,03,000	9,48,40,000	...	...	9,48,40,000	+55,37,000
4	...	1,98,24,000	-17,34,000	1,32,63,000	...	...	1,32,63,000	-65,61,000
5	...	31,28,000	-6,53,000	14,58,000	...	...	14,58,000	-16,70,000
6	...	40,15,000	-1,89,000	38,67,000	...	...	38,67,000	-7,48,000
7	...	26,70,000	-1,52,000	33,01,000	...	...	33,01,000	+7,31,000
8	...	24,33,000	-8,30,000	17,59,000	...	...	17,59,000	-6,34,000
9	...	1,40,000	-2,000	80,000	...	...	80,000	-63,000
10	...	88,23,000	+11,78,000	74,38,000	...	...	74,38,000	-11,85,000
11	...	76,14,39,000	-9,16,16,000	83,60,07,000	...	...	83,60,07,000	+7,45,68,000
12	...	19,36,000	-4,21,000	1,83,000	...	...	1,83,000	-17,53,000
13	...	10,00,000	-16,000	1,52,000	...	...	1,52,000	+8,48,000
14	...	9,36,000	-4,37,000	31,000	...	...	31,000	-9,05,000
15	...	3,000	+1,000	1,55,000	...	...	1,55,000	+1,52,000
16	...	9,39,000	-4,36,000	1,80,000	...	...	1,80,000	-7,53,000
17	...	10,70,03,000	-26,02,000	11,50,73,000	...	...	11,50,73,000	+80,70,000
18	7,000	11,12,57,000	+32,69,000	10,63,04,000	8,70,000	...	10,71,74,000	-40,83,000
19	-7,000	-43,54,000	+6,67,000	87,69,000	-8,70,000	...	78,99,000	+1,21,53,000
20	...	...	...	...	...	...	...	...
21	...	...	...	...	...	...	...	...
22	...	...	...	...	...	...	...	...
23	...	...	...	...	...	...	...	...
24	-7,000	-43,54,000	+6,67,000	87,69,000	-8,70,000	...	78,99,000	+1,21,53,000
25	70,000	2,24,89,000	-67,10,000	99,45,000	80,07,000	...	1,80,12,000	-44,77,000
26	72,000	78,06,13,000	-9,83,95,000	56,43,07,000	71,97,000	...	88,21,04,000	+8,14,01,000

Rupces at £1=Rs. 13½.

BUDGET FOR 1932-33.

A.—Statement of the Revenue of the Central

HEADS OF REVENUE.	ACCOUNTS, 1930-31.				REVISED ESTIMATE.		
	India.	England.	Exchange.	TOTAL.	India.	England.	Item No.
Brought forward	Rs. 74,70,24,045	Rs. 2,30,73,078	Rs. 2,80,120	Rs. 77,03,77,243	Rs. 77,03,81,000	Rs. 1,02,60,000	
Civil Administration—							
XVII.—Administration of Justice	2,82,647	...	...	2,82,647	2,82,000	2,000	1
XVIII.—Jails and Convict Settlements.	4,74,766	...	...	4,74,766	3,99,000	...	3
XIX.—Police	4,11,134	3,218	45	4,14,395	5,09,000	...	3
XX.—Ports and Pilotage	21,03,274	276	3	21,03,552	19,50,000	...	4
XX(I).—Light houses and Light ships	12,19,654	...	...	12,19,654	11,14,000	...	5
XXI.—Education	2,24,191	...	...	2,24,191	2,38,000	...	6
XXII.—Medical	3,01,984	10,603	149	3,12,736	3,62,000	1,000	7
XXIII.—Public Health	4,54,743	...	...	4,54,743	3,97,000	...	8
XXIV.—Agriculture	18,76,340	...	...	18,76,340	18,67,000	...	9
XXV.—Industries.	30,165	...	...	30,165	19,000	...	10
XXVI.—Miscellaneous Departments	20,01,630	8,118	101	20,09,849	19,98,000	16,000	11
XXVI-A.—Indian Stores Department	2,85,371	...	...	2,85,371	2,71,000	...	12
TOTAL	96,64,898	22,213	298	96,87,408	94,90,000	19,000	13
Currency and Mint—							
XXVII.—Currency	1,17,84,598	1,55,003	2,130	1,19,42,331	1,77,43,000	...	14
XXVIII.—Mint	4,88,060	72	1	4,88,132	7,52,000	...	15
TOTAL	1,22,72,657	1,55,075	2,131	1,24,30,493	1,85,25,000	...	16
Civil Works—							
XXX.—Civil Works	27,15,808	—150	—2	27,15,147	23,40,000	...	17
Miscellaneous—							
XXXIII.—Receipts in aid of Superannuation	12,36,747	2,42,215	3,081	14,82,043	11,22,000	3,15,000	18
XXXIV.—Stationery and Printing	40,47,056	18,471	219	40,65,746	32,25,000	27,000	19
XXXV.—Miscellaneous	24,70,264	15,30,639	20,213	40,16,516	1,05,75,000	5,03,000	20
TOTAL	77,50,067	17,80,725	23,513	95,64,305	1,49,22,000	9,06,000	21
Military Receipts—							
XXXVI.—Army—							
Effective	1,91,98,574	32,03,609	41,678	2,24,38,859	2,30,66,000	38,85,000	22
Non-effective	25,35,119	82,06,680	1,14,157	1,08,55,956	13,71,000	78,27,000	23
	2,17,28,693	1,14,13,289	1,55,833	3,32,97,815	2,44,37,000	1,17,12,000	24
XXXVII.—Marine	21,55,790	43,742	506	21,99,128	3,08,000	21,000	25
XXXVIII.—Military Engineer Services	43,92,007	933	12	43,92,942	36,00,000	...	26
XXXVIII-A.—Transfers from Military Reserve Fund	...	...	...	...	...	...	27
TOTAL	2,84,76,490	1,14,56,954	1,56,411	3,98,89,855	2,68,45,000	1,17,33,000	28
Provincial Contributions and miscellaneous adjustments between Central and Provincial Governments—							
XXXIX-A.—Miscellaneous adjustments between the Central and Provincial Governments	...	...	...	...	...	...	29
Extraordinary Items—							
XL.—Extraordinary Receipts	51,00,000	47,58,318	61,887	99,20,155	8,00,000	7,58,000	30
XL-A.—Transfers from Revenue Reserve Fund	...	...	...	...	...	...	31
TOTAL	51,00,000	47,58,318	61,887	99,20,155	8,00,000	7,58,000	32
Railway Revenues as per Railway Budget	30,07,24,520	—12,97,172	—50,203	30,13,71,055	34,33,10,000	—40,27,000	33
TOTAL REVENUE	1,20,85,38,015	3,09,49,831	4,68,075	1,24,59,55,721	1,18,85,13,000	1,90,48,000	34

* Sterling converted into

BUDGET FOR 1932-33.

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Government, in India and in England—*contd.*

1931-32.			Increase (+) Decrease (-) as compared with Budget, 1931-32.	BUDGET ESTIMATE, 1932-33.				Increase (+) Decrease (-) as compared with Revised, 1931-32.
Item No.	Exchange.	TOTAL.		India.	England.	Exchange.	TOTAL.	
	Rs. 72,000	Rs. 78,06,13,000	Rs. -9,82,98,000	Rs. 55,49,07,000	Rs. 71,97,000	Rs. ...	Rs. 86,21,04,000	Rs. +8,14,91,000
1	...	2,84,000	...	1,15,000	...	...	1,15,000	-1,69,000
2	...	3,99,000	-53,000	2,98,000	...	...	2,98,000	-1,01,000
3	...	5,69,000	-87,000	9,67,000	...	...	9,67,000	+3,98,000
4	...	19,86,000	-3,00,000	20,10,000	...	...	20,10,000	+24,000
5	...	11,14,000	-1,84,000	11,63,000	...	...	11,63,000	+49,000
6	...	2,36,000	+27,000	1,80,000	...	...	1,80,000	-56,000
7	...	3,63,000	-1,86,000	2,15,000	...	...	2,15,000	-1,48,000
8	...	3,97,000	-2,000	3,15,000	...	...	3,15,000	-82,000
9	...	18,57,000	+80,000	17,20,000	...	...	17,20,000	-1,37,000
10	...	19,000	-1,000	15,000	...	...	15,000	-4,000
11	...	20,14,000	+7,000	16,98,000	6,000	...	17,04,000	-3,10,000
12	...	2,71,000	-98,000	3,09,000	...	...	3,09,000	+38,000
13	...	95,09,000	-8,36,000	90,05,000	6,000	...	90,11,000	-4,98,000
14	...	1,77,43,000	+1,19,65,000	3,27,93,000	...	...	3,27,93,000	1,50,43,000
15	...	7,82,000	+3,76,000	3,25,000	...	...	3,25,000	-4,57,000
16	...	1,65,25,000	+1,91,91,000	3,31,17,000	...	...	3,31,17,000	+1,45,93,000
17	...	28,40,000	-1,45,000	26,79,000	...	...	26,79,000	+3,39,000
18	2,000	14,39,000	-1,76,000	11,61,000	2,85,000	...	14,46,000	+7,000
19	...	32,52,000	-1,48,000	27,93,000	23,000	...	28,16,000	-4,36,000
20	4,300	1,11,43,000	+87,68,000	19,99,000	4,26,000	...	24,25,000	-87,17,000
21	6,000	1,53,33,000	+84,44,000	59,53,000	7,34,000	...	66,87,000	-91,46,000
22	27,000	2,68,78,000	+19,19,000	2,24,58,000	28,67,000	...	2,53,25,000	-16,53,000
23	55,000	97,53,000	+1,51,000	19,47,000	58,31,000	...	77,78,000	-19,75,000
24	82,000	3,67,31,000	+20,00,000	2,44,05,000	86,98,000	...	3,31,03,000	-36,28,000
25	...	8,29,000	-11,53,000	2,38,000	4,000	...	2,42,000	-87,000
26	...	36,00,000	-20,68,000	46,60,000	...	...	46,60,000	+10,60,000
27	...	...	-28,76,000	87,91,000	...	...	87,91,000	+37,91,000
28	82,000	4,00,60,000	-40,97,000	3,20,94,000	87,02,000	...	4,17,96,000	+11,36,000
29	...	...	...	...	...	...	...	...
30	5,000	15,63,000	-14,51,000	1,08,000	23,63,000	...	33,91,000	+8,35,000
31	...	...	...	...	...	...	...	...
32	6,000	15,63,000	-14,51,000	1,08,000	22,84,000	...	23,91,000	+5,29,000
33	-32,000	38,66,51,000	-5,67,51,000	34,63,45,000	-45,01,000	...	34,19,44,000	+31,03,000
34	1,23,000	1,20,76,94,000	-14,09,70,000	1,28,52,08,000	1,44,21,000	...	1,39,96,39,000	+9,19,55,000

Rupees at £1 = Rs. 13½.

BUDGET FOR 1932-33.

B.—Statement of the Expenditure charged to Revenue

HEADS OF EXPENDITURE,	ACCOUNTS, 1930-31.				REVISED	
	India.	England.	Exchange.	TOTAL.	India.	Item No.
	Rs.	Rs.	Rs.	Rs.	Rs.	
Direct Demands on the Revenue —						
1.—Customs	91,69,000	1,67,331	2,161	93,39,363	89,08,000	1
2.—Taxes on Income	73,72,695	99,010	1,210	74,72,924	72,35,000	2
3.—Salt	1,25,41,087	99,930	1,391	1,26,43,208	1,15,00,000	3
4.—Opium	73,21,209	1,13,730	1,404	74,36,483	60,20,000	4
5.—Land Revenue	9,92,843	...	...	9,93,343	9,51,000	5
6.—Excise	16,31,094	24,957	311	16,56,363	16,28,000	6
7.—Stamps	36,135	41,958	579	83,702	40,000	7
8.—Forest	34,43,808	2,10,730	2,720	36,57,267	30,17,000	8
9.—Registration	29,648	...	...	29,648	29,000	9
TOTAL	4,35,40,000	7,60,640	9,754	4,38,10,399	4,13,26,000	10
Forest and other Capital outlay charged to Revenue—						
3A.—Capital outlay on Salt Works	—3,204	...	...	—2,204	47,000	11
7A.—Capital outlay on Central Stamp Store	...	...	...	...	...	12
8A.—Forest Capital outlay	4,04,253	...	...	4,04,253	75,000	13
TOTAL	4,02,049	...	...	4,02,049	1,22,000	14
Irrigation, etc., Revenue Account—						
14.—Works for which Capital accounts are kept—						
Interest on Debt	12,66,047	...	...	12,66,047	12,81,000	15
15.—Other Revenue Expenditure	19,28,309	87,745	1,327	20,17,361	6,43,000	16
TOTAL	31,94,356	87,745	1,327	32,83,438	19,24,000	17
Irrigation, etc., Capital outlay charged to Revenue—						
10.—Construction of Irrigation, etc., Works—						
Financed from Ordinary Revenues	2,73,263	...	...	2,73,263	1,85,000	18
Posts and Telegraphs Revenue Account—						
17.—Posts and Telegraphs—						
Interest on Debt—						
Indian Posts and Telegraphs Department	76,12,669	...	...	76,12,669	86,35,000	19
Indo-European Telegraph Department	6,09,075	...	...	6,09,075	...	20
TOTAL	82,21,764	...	...	82,21,764	86,35,000	21
Posts and Telegraphs Capital outlay charged to Revenue—						
18.—Capital outlay on Posts and Telegraphs—						
Indian Posts and Telegraphs Department	13,05,877	...	...	13,05,877	10,39,000	22
Indo-European Telegraph Department	—28,165	4,278	60	—21,817	—58,55,000	23
TOTAL	12,77,722	4,278	60	13,84,060	2,48,16,000	24
Debt Services—						
19.—Interest on Ordinary Debt	21,75,19,013	19,60,65,175	24,75,808	41,66,79,995	24,19,79,000	25
Debt—Amount chargeable to—						
Railways	19,67,08,751	11,52,21,678	14,14,885	31,34,05,314	20,31,31,000	26
Irrigation	12,66,047	...	...	12,66,047	12,81,000	27
Posts and Telegraphs	83,67,558	...	...	83,67,558	87,79,000	28
Other heads	21,36,497	...	...	21,36,497	24,39,000	29
Provincial Loans Fund	6,54,87,215	...	...	6,54,87,215	7,26,00,000	30
Remainder chargeable to Ordinary Debt	—5,65,07,086	8,14,63,497	10,60,033	2,60,17,374	—4,62,51,000	31
20.—Interest on other Obligations	8,54,28,233	9,03,315	9,514	8,67,41,062	8,39,81,000	32
21.—Reduction or Avoidance of Debt	6,14,55,100	...	...	6,14,55,000	6,89,38,000	33
TOTAL	4,07,70,147	8,23,66,813	10,70,487	17,47,13,906	10,60,68,000	34
Carried over	14,06,87,300	8,31,10,381	10,81,578	33,09,84,208	15,40,44,000	35

* Sterling converted into

BUDGET FOR 1932-33.

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of the Central Government, in India and in England.

ESTIMATE, 1931-32.				Increase (+) Decrease (-) as compared with Budget, 1931-32.	BUDGET ESTIMATE, 1932-33.				Increase (+) Decrease (-) as compared with Revised, 1931-32.
Item No.	England.	Exchange.	TOTAL.		India.	England.	Exchange.	TOTAL.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	2,38,000	1,000	91,45,000	-6,81,000	89,55,000	1,48,000	...	91,03,000	-42,000
2	1,00,000	1,000	73,25,000	-4,00,000	83,35,000	95,000	...	83,25,000	+10,02,000
3	1,11,000	1,000	1,16,13,000	-8,01,000	1,12,67,000	71,000	...	1,13,38,000	-2,74,000
4	96,000	1,000	81,17,000	+7,54,000	71,10,000	52,000	...	71,62,000	-8,55,000
5	...	...	9,59,000	-30,000	5,42,000	...	...	5,42,000	-4,17,000
6	9,000	...	16,37,000	-2,73,000	15,68,000	27,000	...	15,95,000	-42,000
7	11,000	...	51,000	-20,000	14,15,000	30,000	...	14,45,000	+13,94,000
8	1,61,000	1,000	31,79,000	-5,45,000	19,80,000	1,55,000	...	21,35,000	-10,45,000
9	...	...	29,000	-3,000	16,000	...	...	16,000	-13,000
10	7,74,000	5,000	4,20,55,000	-19,79,000	4,10,80,000	5,78,000	...	4,10,61,000	-3,91,000
11	...	...	47,000	-55,000	2,31,000	...	...	2,31,000	+1,84,000
12	...	...	...	...	...	...	...	...	...
13	...	...	75,000	-39,000	85,000	...	...	85,000	+10,000
14	...	...	1,22,000	-94,000	3,10,000	...	...	3,10,000	+1,94,000
15	...	...	13,81,000	-6,600	2,70,000	...	...	2,70,000	-10,11,000
16	52,000	...	6,95,000	-39,000	95,000	44,000	...	1,29,000	-5,36,000
17	52,000	...	19,70,000	-45,000	3,65,000	44,000	...	4,09,000	-15,67,000
18	...	...	1,85,000	-4,000	33,000	...	...	33,000	-1,62,000
19	...	...	...	...	...	...	...	...	...
20	...	...	80,35,000	-63,000	95,18,000	...	...	95,18,000	+8,83,000
21	...	...	80,35,000	-63,000	95,18,000	...	...	95,18,000	+8,83,000
22	...	...	10,39,000	-11,000	6,07,000	...	...	6,07,000	-4,32,000
23	...	...	-58,55,000	-3,50,000	...	...	...	...	+58,55,000
24	...	...	-45,10,000	-3,67,000	6,07,000	...	...	6,07,000	+54,23,000
25	20,75,48,000	14,52,000	45,09,79,000	+1,60,31,000	25,78,36,000	20,16,58,000	...	45,94,94,000	+55,10,000
26	11,60,83,000	8,05,000	81,90,19,000	+31,69,000	20,76,23,000	11,57,20,000	...	32,33,43,000	-43,24,000
27	...	...	12,81,000	+6,000	2,70,000	...	...	2,70,000	+10,11,000
28	...	...	87,79,000	+98,000	96,62,000	...	...	96,62,000	-8,33,000
29	...	...	24,39,000	+8,000	24,77,000	...	...	24,77,000	-35,000
30	...	...	7,20,00,000	-31,00,000	8,14,02,000	...	...	8,14,02,000	-58,02,000
31	9,24,05,000	6,47,000	4,68,61,000	+1,81,47,000	4,35,98,000	8,59,33,000	...	4,23,35,000	-15,26,000
32	4,97,000	8,000	8,44,1,000	-47,08,000	8,81,41,000	5,75,000	...	8,87,16,000	+42,36,000
33	...	...	8,89,39,000	+11,01,000	8,51,84,000	...	...	8,81,84,000	-7,51,000
34	9,20,62,000	6,50,000	20,02,80,000	+1,25,40,000	11,27,27,000	8,65,03,000	...	19,92,35,000	-10,45,000
35	9,37,38,000	6,55,000	24,84,37,000	+89,88,000	16,46,43,000	8,71,30,000	...	26,17,72,000	+33,35,000

Ruppes at £1 = Rs. 13½.

BUDGET FOR 1932-33.

B.—Statement of the Expenditure charged to Revenue

HEADS OF EXPENDITURE.	ACCOUNTS, 1930-31.				REVISED	
	India.	England.	Exchange.	TOTAL.	India.	Item No.
	Rs.	Rs.	Rs.	Rs.	Rs.	
Brought forward	14,66,87,309	8,32,10,381	10,61,578	23,09,88,268	15,40,44,000	
Civil Administration—						
22.—General Administration	1,54,88,045	57,10,127	73,793	2,12,71,965	1,49,14,000	1
23.—Audit	96,77,227	3,37,165	4,320	1,00,18,712	99,15,000	2
24.—Administration of Justice	14,35,848	1,01,223	1,262	15,28,339	14,82,000	3
25.—Jails and Convict Settlements	40,95,723	50,357	637	47,46,716	38,40,000	4
26.—Police	90,52,575	1,98,039	2,637	92,54,561	84,49,000	5
27.—Ports and Pilotage	32,81,015	3,44,240	4,371	26,29,020	23,51,000	6
27 (1).—Light Houses and Light Ships	12,18,333	...	...	12,18,333	11,14,000	6
28.—Ecclesiastical	23,53,374	8,51,188	10,896	32,15,358	22,77,000	7
29.—Political	1,81,09,005	12,20,544	15,405	1,56,05,614	1,51,18,000	8
29-A.—Frontier Watch and Ward	2,78,72,570	77,871	984	2,77,51,425	2,38,99,000	9
30.—Scientific Departments	82,44,879	10,59,560	13,068	93,18,477	79,99,000	10
31.—Education	61,42,079	90,117	1,231	62,39,427	61,61,000	11
32.—Medical	29,95,545	2,05,937	2,630	32,04,103	28,71,000	12
33.—Public Health	18,07,017	1,07,925	1,445	19,16,387	17,00,000	13
34.—Agriculture	40,98,885	1,21,023	1,580	42,21,648	33,21,000	14
35.—Industries	2,35,710	49,690	625	2,85,925	1,05,000	15
36.—Aviation	16,97,662	5,35,718	6,776	22,40,156	11,71,000	16
37.—Miscellaneous Departments	27,23,177	1,53,018	1,976	28,76,171	15,28,000	17
37-A.—Indian Stores Department	8,35,538	90,387	1,393	9,36,308	7,53,000	18
TOTAL	12,19,15,100	1,13,19,979	1,45,455	13,33,80,540	11,20,81,000	19
Currency and Mint—						
38.—Currency	46,65,826	54,264	609	47,20,759	46,03,000	20
39.—Mint	48,08,671	1,05,201	1,372	49,76,444	56,59,000	21
TOTAL	95,34,497	1,59,465	2,041	96,96,005	1,02,62,000	22
Civil Works—						
41.—Civil Works	2,61,61,403	70,131	863	2,62,62,367	2,21,88,000	23
Miscellaneous—						
43.—Famine—						
A.—Famine Relief	6,713	...	...	6,713	1,37,000	24
44.—Territorial and Political Pensions	30,40,821	1,12,745	1,433	31,54,099	31,23,000	25
45.—Superannuation Allowances and Pensions	25,34,063	2,28,051	2,59,301	2,59,53,915	39,24,000	26
46.—Stationery and Printing	48,58,346	6,17,643	7,686	54,83,674	47,10,000	27
47.—Miscellaneous	58,91,284	21,59,337	27,633	80,76,154	40,50,000	28
TOTAL	1,63,81,517	2,57,19,275	3,25,953	4,23,76,755	1,69,12,000	29
Miscellaneous capital outlay charged to Revenue—						
46-A.—Commuted value of pensions financed from Ordinary Revenue	6,30,808	...	...	6,30,808	2,00,000	30
Military Services—						
42.—Army—						
Effective	35,19,51,888	8,94,04,540	10,73,108	43,65,19,536	34,73,70,000	31
Non-effective	3,59,47,505	3,68,00,431	6,31,378	8,54,72,314	5,00,29,000	32
49.—Marine	39,76,99,393	13,23,87,371	17,01,448	52,19,91,850	38,33,99,000	33
50.—Military Engineer Services	61,61,030	28,52,920	30,974	90,41,638	43,55,000	34
50-A.—Transfers to Military Reserve Fund	4,87,05,863	5,38,303	6,958	4,94,41,183	4,00,02,000	35
TOTAL	44,53,63,205	18,57,78,293	17,48,418	56,28,89,885	43,56,74,000	37
Contributions and miscellaneous Adjustments between Central and Provincial Governments—						
51-A.—Miscellaneous Adjustments between the Central and Provincial Governments	...	...	...	...	...	38
Extraordinary Items—						
52.—Extraordinary Payments	15,62,196	...	...	15,62,196	9,75,000	39
52-I.—Transfers to Revenue Reserve Fund	...	...	...	...	...	40
TOTAL	15,62,196	...	...	15,62,196	9,75,000	41
Railway Expenditure as per Railway Budget	20,22,26,409	13,01,80,971	16,96,373	33,40,13,753	20,80,15,000	42
TOTAL EXPENDITURE CHARGED TO REVENUE	97,04,41,560	38,64,48,404	40,10,671	1,36,19,00,195	90,03,08,000	43

* Sterling converted in £s

BUDGET FOR 1932-33.

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of the Central Government, in India and in England—*contd.*

Item No.	ESTIMATE, 1931-32.				Increase (+) Decrease (-) as compared with Budget, 1931-32.	BUDGET ESTIMATE, 1932-33.				(+) Decrease (-) Increase as compared with Revised, 1931-32.
	England.	Exchange.	TOTAL.			India.	England.	Exchange.	TOTAL.	
	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.	Rs.
	9,37,38,000	6,55,000	24,84,37,000	+99,88,000		16,40,42,000	8,71,30,000	...	25,17,72,000	+83,35,000
1	51,88,000	36,000	2,01,38,000	-8,51,000		1,04,03,000	48,60,000	...	1,53,63,000	-48,75,000
2	3,58,000	3,000	1,03,66,000	-3,48,000		33,76,000	3,57,000	...	97,33,000	-5,33,000
3	1,07,000	1,000	15,70,000	-16,000		8,38,000	96,000	...	9,34,000	-6,36,000
4	44,000	...	38,90,000	-3,88,000		25,60,000	53,000	...	26,33,000	-12,57,000
5	2,22,000	2,000	50,73,000	+3,04,000		52,55,000	1,85,000	...	53,80,000	-33,83,000
6	3,44,000	2,000	26,97,000	-2,82,000		21,08,000	3,70,000	...	24,78,000	-2,19,000
7	...	...	11,14,000	-1,84,000		11,55,000	8,000	...	11,63,000	+49,000
8	7,65,000	5,000	30,47,000	-1,99,000		21,03,000	8,14,000	...	39,17,000	-1,30,000
9	13,90,000	9,000	1,64,17,000	-2,000		1,31,79,000	12,43,000	...	1,44,23,000	-19,95,000
10	1,10,000	1,000	2,40,10,000	-13,35,000		2,18,40,000	1,07,000	...	2,19,47,000	-5,08,000
11	0,42,000	7,000	89,45,000	-13,73,000		55,33,000	8,84,000	...	64,37,000	-25,08,000
12	56,000	1,000	61,68,000	-5,13,000		33,99,000	71,000	...	34,70,000	-27,98,000
13	1,01,000	1,000	30,63,000	-2,91,000		21,17,000	1,56,000	...	23,73,000	-7,90,000
14	1,37,000	1,000	18,38,000	-1,83,000		17,39,000	1,37,000	...	13,76,000	-4,62,000
15	1,05,000	1,000	34,87,000	-3,41,000		31,15,000	1,24,000	...	22,39,000	-12,48,000
16	31,000	...	2,60,000	-44,000		1,92,000	27,000	...	2,19,000	-7,000
17	8,18,000	6,000	19,90,000	-14,87,000		8,71,000	26,000	...	9,00,000	-13,90,000
18	1,52,000	1,000	46,81,000	+2,73,000		19,58,000	1,46,000	...	21,04,000	-25,77,000
19	1,36,000	1,000	9,20,000	-16,000		5,41,000	67,000	...	6,10,000	-3,10,000
20	1,10,81,000	78,000	17,32,40,000	-73,06,000		8,68,37,000	96,68,000	...	9,04,93,000	-2,67,47,000
21	30,000	...	46,47,000	-4,16,000		47,03,000	32,060	...	47,35,000	+83,000
22	99,000	1,000	57,59,000	+29,46,000		22,01,000	66,000	...	22,67,000	-82,92,000
23	1,38,000	1,000	1,04,01,000	+25,30,000		69,04,000	98,000	...	70,02,000	-33,99,000
24	79,000	1,000	2,22,68,000	-18,60,000		1,92,58,000	1,61,000	...	1,94,19,000	-28,40,000
25	...	...	1,37,000	+6,000		...	...	...	...	-1,37,000
26	1,07,000	1,000	82,31,000	-6,000		30,38,000	1,07,000	...	31,45,000	-88,000
27	2,19,29,000	1,53,000	2,60,66,000	+10,13,000		48,50,000	2,13,97,000	...	2,63,47,000	+1,76,000
28	6,51,000	5,000	53,75,000	-11,94,000		36,40,000	5,30,000	...	41,70,000	-17,05,000
29	20,27,000	14,000	69,97,000	+11,45,000		44,07,000	18,45,000	...	63,52,000	-7,45,000
30	2,47,14,000	1,73,000	4,18,06,000	+9,64,000		1,59,35,000	2,38,74,000	...	3,98,09,000	-19,97,000
31	...	...	2,00,000	+1,50,000		2,00,000	...	...	2,00,000	...
32	6,04,64,000	4,86,000	41,73,20,000	-88,17,000		82,38,33,000	6,13,09,000	...	38,48,40,000	-3,24,80,000
33	4,88,58,000	3,41,000	8,61,98,000	+5,97,000		3,53,03,000	4,80,51,000	...	5,43,54,000	-8,75,000
34	1,83,32,000	8,98,000	50,35,40,000	-83,30,000		35,89,34,000	11,07,59,000	...	46,91,94,000	-3,33,55,000
35	29,07,000	30,000	3,11,000	-11,10,000		39,18,000	28,7,000	...	67,45,000	-5,67,000
36	4,90,000	3,000	4,05,01,000	+9,35,000		3,27,97,000	4,60,000	...	3,32,57,000	-1,33,44,000
37	12,17,25,000	8,51,000	55,82,60,000	+18,98,000		30,50,50,000	11,35,40,000	...	50,91,90,000	-18,98,000
38	...	...	...	-84,67,000		...	...	...	...	-4,90,04,000
39	...	...	...	...		1,03,00,000	...	...	1,03,00,000	+1,02,00,000
40	40,000	...	10,15,000	+9,90,000		18,86,000	2,24,000	...	23,10,000	+11,95,000
41	40,000	...	10,15,000	+9,90,000		18,86,000	2,24,000	...	23,10,000	+11,95,000
42	12,97,29,000	9,07,000	3,88,51,000	-31,49,000		31,14,17,000	13,04,27,000	...	34,18,44,000	+31,83,000
43	38,12,44,000	26,66,000	1,34,47,78,000	-43,80,000		61,30,19,000	36,61,26,000	...	1,37,81,45,000	-6,61,33,000

Rupees at £1 = Rs. 13½.

BUDGET FOR 1932-33.

C.—Statement of Receipts and Disbursements of the

	Accounts, 1930-31.		
	India.	England.	Total.
	Rs.	Rs.	Rs.
Revenue (from Statement A)	1,20,85,38,015	3,69,49,831	1,24,54,87,646
Exchange added to Revenue	4,68,075	...	4,68,075
TOTAL	1,20,90,06,090	3,69,49,631	1,24,59,55,721
Railway Capital not charged to Revenue—			
As per Railway Budget	..	...	...
Public Debt Incurred—			
Permanent Debt—			
<i>Sterling Debt—</i>			
6 per cent. Bonds, 1933-34	...	...	...
Other 6 per cent. Bonds	...	25,27,82,500	...
5½ per cent. Stock	...	11,69,29,859	...
4½ per cent. Stock	...	19,19,297	...
<i>Rupee Debt—</i>			
New Rupee Loan	...	...	...
6½ per cent. Treasury Bonds, 1935	...	...	...
6 per cent. Bonds, 1933-36	29,70,80,900	...	...
3½ per cent. Loans	7,91,000	...	...
TOTAL	29,78,71,900	37,16,31,256	66,95,03,556
Floating Debt—			
Treasury Bills—			
Issued to Public	1,59,02,75,000	...	...
Issued to Paper Currency Reserve	19,04,70,000	...	...
India Bills	...	5,39,59,152	...
Temporary Loans	15,00,00,000	8,00,00,000	...
TOTAL	1,93,07,45,000	13,39,59,452	2,06,47,04,452
Carried over	3,43,76,22,990	54,25,40,739	...

* Sterling converted into

BUDGET FOR 1932-33.

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Central Government, in India and in England.

REVISED ESTIMATE, 1931-32.			BUDGET ESTIMATE, 1932-33.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1,18,85,13,000 1,33,000	1,90,48,000 ...	1,20,75,61,000 1,33,000	1,28,52,08,000 ...	1,44,21,000 ...	1,29,96,29,000 ...
1,18,86,48,000	1,90,48,000	1,20,76,94,000	1,28,52,08,000	1,44,21,000	1,29,96,29,000
...	...	...	...	...	...
...	13,33,33,000		...	...	
...	6,64,000		...	5,15,000	
...	4,28,14,000		...	13,13,000	
...	20,24,000		...	21,34,000	
...	...		14,50,00,000	...	
16,95,00,000	...		...	...	
6,00,000	...		4,28,000	...	
17,01,00,000	17,88,35,000	34,89,35,000	14,54,28,000	39,62,000	14,93,90,000
2,09,18,80,000 78,38,20,000 ...	...		1,70,00,00,000 98,56,00,000 ...	...	
14,50,00,000	...		...	8,00,00,000	
3,02,07,00,000	...	3,02,07,00,000	2,68,56,00,000	8,00,00,000	2,76,56,00,000
4,37,94,46,000	19,78,83,000		4,11,62,36,000	9,68,83,000	

Rupees at £1 = Rs. 13½.

BUDGET FOR 1932-33.

C.—Statement of Receipts and Disbursements of the

	ACCOUNTS, 1930-31.		
	India.	England.	Total.
	Rs.	Rs.	Rs.
Brought forward	3,43,76,22,990	54,25,40,730	
Unfunded Debt—			
Deposits of Service Funds	9,40,053	15,66,691	
Post Office Cash Certificates	11,78,32,638	...	
Savings Bank Deposits	36,44,09,189	...	
TOTAL	48,31,81,880	15,66,691	48,47,48,571
Deposits and Advances—			
Provincial Loans Fund	20,76,41,114	...	
Posts and Telegraphs Depreciation Fund	44,04,340	...	
Deposits of Local Funds—			
District Funds	17,13,40,478	...	
Other Funds	10,16,34,516	...	
Sinking Funds for Central Loans	2,01,15,022	...	
Other appropriations for Reduction or Avoidance of Debt	4,34,80,000	...	
Sinking Fund Investment Account	1,28,36,105	...	
Sinking Funds for loans granted to local bodies	4,28,006	...	
Gold Standard Reserve	...	89,14,69,173	
Gold Standard Reserve Revenue Equalisation Fund	...	2,83,92,601	
Paper Currency Reserve	...	6,66,14,701	
Appropriations for the reduction of created Securities in the Paper Currency Reserve	...	...	
Deposits of Branch Line Companies	2,53,256	...	
Road Development Fund	98,03,207	...	
Post Office Cash Certificate Bonus Fund	40,86,718	...	
Departmental and Judicial Deposits	85,54,86,508	...	
Advances	33,57,93,198	5,94,471	
Discount Sinking Fund	46,06,000	...	
Gain or loss on revaluation, sale, transfer, etc., of assets of the Paper Currency Reserve	...	...	
Suspense	58,85,067	13,80,643	
Exchange on Remittance Accounts	52,97,481	...	
Miscellaneous	2,15,10,337	1,70,82,761	
Military Reserve Fund	24,15,319	...	
TOTAL	1,80,70,16,972	1,00,55,34,350	2,81,25,51,322
Railway Depreciation and Reserve Funds as per Railway Budget	13,07,12,003	...	13,07,12,003
Carried over	5,85,85,33,845	1,54,96,41,780	

* Sterling converted into

BUDGET FOR 1932-33.

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Central Government, in India and in England—*contd.*

REVISED ESTIMATE, 1931-32.			BUDGET ESTIMATE, 1932-33.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
4,37,24,46,000	19,78,83,000		4,11,62,36,000	9,83,83,000	
9,18,000	17,63,000		9,10,000	18,02,000	
14,50,00,000	...		12,50,00,000	...	
40,15,37,000	...		39,55,49,000	...	
54,74,55,000	17,63,000	54,92,18,000	52,14,59,000	18,02,000	52,32,61,000
23,08,00,000	...		21,58,02,000	...	
38,29,000	...		40,04,000	...	
16,96,76,000	...		17,15,38,000	...	
10,00,20,000	...		10,03,10,000	...	
1,97,34,000	...		1,96,59,000	...	
5,10,31,000	...		5,03,45,000	...	
83,52,000	...		...	...	
4,15,000	...		4,63,000	...	
...	81,33,20,000		...	57,26,80,000	
...	3,22,00,000		...	...	
...	...		...	...	
3,00,82,000	...		...	...	
2,00,000	...		2,50,000	...	
1,00,00,000	...		1,14,00,000	...	
16,00,000	...		...	...	
85,31,64,000	...		74,28,03,000	...	
41,60,77,000	8,15,000		32,75,13,000	91,000	
48,41,000	...		50,85,000	...	
1,25,33,000	...		...	...	
2,77,93,000	2,51,000		2,49,73,000	2,32,000	
...	...		...	...	
15,97,68,000	2,15,33,000		1,88,72,000	1,82,31,000	
18,98,000	...		...	...	
2,10,18,61,000	86,81,24,000	2,96,99,85,000	1,69,30,22,000	59,12,34,000	2,28,42,56,000
13,43,00,000	...	13,43,00,000	13,70,00,000	...	13,70,00,000
7,16,30,62,000	1,06,77,70,000		8,46,77,17,000	69,14,19,000	

Rupces at 21 = Rs. 134.

S A

BUDGET FOR 1932-33.

C.—Statement of Receipts and Disbursements of the

	ACCOUNTS, 1930-31.		
	India.	England.	TOTAL.
	Rs.	Rs.	Rs.
Brought forward	5,85,85,33,845	1,54,96,41,780	
Loans and Advances by the Central Government—			
Advances to Provincial Loans Fund	82,22,090	...	
Other Loans and Advances			
TOTAL	82,22,090	...	82,22,090
Remittances—			
Remittances within India—			
Inland Money Orders	90,36,26,828	...	
Other Local Remittances	...	...	
Other Departmental Accounts	95,294	...	
Net Receipts by Civil Treasuries from—			
Railways	68,29,085	...	
Posts and Telegraphs	...	...	
Net Receipts from Civil Treasuries by—			
Posts and Telegraphs	3,18,44,669	...	
Army, Marine and Military Engineer Services	37,50,55,328	...	
Remittances between England and India—			
Remittance Account—			
Iraq drawings	...	83,50,000	
Sale of Sterling	7,64,48,346	...	
Sale of Silver	...	3,13,61,881	
Other transactions	2,32,67,762	2,95,16,622	
Sterling purchased in India	...	7,18,33,333	
Transfers through the Gold Standard Reserve	...	8,32,96,000	
Transfers through the Paper Currency Reserve	2,18,95,275	2,34,19,219	
TOTAL	1,43,90,62,587	24,78,77,055	1,68,69,39,642
Balances of Provincial Governments	...	...	...
TOTAL RECEIPTS	7,30,58,18,522	1,79,75,18,835	
Opening Balance	25,76,33,677	(a) 8,51,57,683	
GRAND TOTAL	7,56,34,52,199	1,88,26,76,518	

* Sterling converted into Rupees at £1 = Rs. 13½.

a) Of this amount, £3,748 represents the funds of the Gold Standard Reserve.

BUDGET FOR 1932-33.

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Central Government, in India and in England—*contd.*

REVISED ESTIMATE, 1931-32.			BUDGET ESTIMATE, 1932-33.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
7,16,30,82,000	1,06,77,70,000		6,46,77,17,000	69,14,19,000	
1,03,47,000	...		80,35,000	...	
1,03,47,000	...	1,03,47,000	80,35,000	...	80,35,000
88,46,00,000	...		90,54,00,000	...	
3,76,000	...		3,41,000	...	
3,21,77,000	...		3,09,36,000	...	
1,12,48,000	...		9,74,85,000	...	
1,81,92,000	...		1,69,51,000	...	
...	...		...	...	
36,44,74,000	...		32,99,30,000	...	
...	85,20,000		...	80,00,000	
18,73,04,000	...		...	...	
...	2,55,84,000		...	66,80,000	
1,49,03,000	2,48,76,000		1,40,11,000	2,03,74,000	
...	47,00,00,000		...	32,67,00,000	
...	28,17,20,000		66,80,000	...	
...	...		...	...	
1,51,32,74,000	81,07,00,000	2,32,39,74,000	1,40,17,34,000	36,17,54,000	1,76,34,88,000
1,88,73,000	...	1,88,73,000	4,77,35,000	...	4,77,35,000
8,70,55,56,000	1,87,84,70,000		7,92,52,21,000	1,05,31,73,000	
17,28,23,746	(b) 7,40,43,787		10,18,90,746	(b) 14,71,59,787	
8,87,88,79,746	1,95,25,13,787		8,02,71,11,746	1,20,03,32,787	

* Sterling converted into Rupees at £1=Rs. 184.

(b) Of this amount, £1,085 represents the funds of the Gold Standard Reserve.

BUDGET FOR 1932-33.

C.—Statement of Receipts and Disbursements of the

	ACCOUNTS, 1930-31.		
	India.	England.	TOTAL.
	Rs.	Rs.	Rs.
Expenditure (from Statement B)	97,04,41,560	38,64,48,464	1,35,68,90,024
Exchange charged as Expenditure	49,10,671	...	49,10,671
TOTAL	97,53,52,231	38,64,48,464	1,36,18,00,695
Irrigation, Posts and Telegraphs and other Capital Outlay not charged to Revenue—			
SECURITY PRINTING PRESS	4,01,689	...	4,01,689
IRRIGATION, ETC., WORKS	27,553	...	27,553
POSTS AND TELEGRAPHS	51,97,568	55,65,563	3,67,995
VIZAGAPATAM PORT	86,89,338	1,83,900	38,73,238
LIGHT-HOUSES AND LIGHTSHIPS	1,20,650	1,07,829	12,821
CURRENCY	1,35,474	...	1,35,474
INITIAL EXPENDITURE ON NEW CAPITAL AT DELHI	43,92,354	4,34,201	48,26,555
PAYMENTS OF COMMUTED VALUE OF PENSIONS	42,65,721	...	42,65,721
BOMBAY LAND SCHEME	2,10,37,385	...	2,10,37,335
PAYMENTS TO RETRENCHED PERSONNEL	...	...	...
TOTAL	3,90,26,382	48,39,633	3,41,86,749
RAILWAY CAPITAL NOT CHARGED TO REVENUE—			
As per Railway Budget	7,49,99,103	5,70,88,156	13,20,87,259
Public Debt Discharged—Permanent Debt—			
<i>Sterling Debt—</i>			
7 p. c. Stock	...	2,082	
6 p. c. Bonds	...	...	
5½ p. c. Stock	...	...	
State Railway annuities	...	2,05,84,781	
Do. Do. Sinking Funds	...	26,66,667	
<i>Rupee Debt—</i>			
6 p. c. Bonds, 1930	15,42,36,200	...	
Do. Do. 1931	...	...	
Do. Do. 1932	...	...	
Other 6 p. c. Bonds	1,71,800	...	
5½ p. c. War Bonds, 1928	5,01,275	...	
Other 5½ p. c. War Bonds	1,84,350	...	
5 p. c. Loan, 1915-55	14,93,600	...	
5 p. c. Loan, 1929-47	1,44,88,500	...	
5 p. c. Loan, 1939-44	45,45,700	...	
4 p. c. Terminable Loan	2,900	...	
4 p. c. Railway Loan from Nawab of Rampur	...	...	
Other Loans	9,22,400	...	
TOTAL	17,64,96,525	2,32,53,530	19,97,50,055
Carried over	1,23,58,74,241	47,19,50,517	

* Sterling converted into

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REVISED ESTIMATE, 1931-32.			BUDGET ESTIMATE, 1932-33.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
96,03,68,000	38,12,44,000	1,34,16,12,000	91,30,19,000	36,51,26,000	1,27,81,45,000
26,66,000	...	26,66,000	...	...	...
<u>96,30,34,000</u>	<u>38,12,44,000</u>	<u>1,34,42,78,000</u>	<u>91,30,19,000</u>	<u>36,51,26,000</u>	<u>1,27,81,45,000</u>
...	...	...	...	...	...
3,94,000	...	3,94,000	4,000	...	4,000
15,000	...	15,000	...	...	...
83,62,000	4,01,000	87,63,000	23,15,000	...	23,15,000
36,35,000	1,17,000	37,52,000	54,55,000	1,00,000	55,55,000
—6,000	4,000	—2,000	—2,000	2,000	...
1,000	...	1,000	4,000	...	4,000
10,95,000	1,27,000	12,22,000	...	...	...
38,26,000	...	38,26,000	46,55,000	...	46,55,000
10,00,000	...	10,00,000	24,40,000	60,000	25,00,000
<u>1,75,34,000</u>	<u>6,49,000</u>	<u>1,81,83,000</u>	<u>1,48,71,000</u>	<u>1,62,000</u>	<u>1,50,33,000</u>
...	...	...	...	...	...
5,65,00,000	2,70,00,000	8,35,00,000	2,65,00,000	1,50,00,000	4,15,00,000
...	...	...	...	...	...
...	...	...	...	8,00,00,000	...
...	19,74,04,000	...	...	...	...
...	2,18,00,000	...	...	2,20,40,000	...
...	26,67,000	...	...	26,67,000	...
20,00,000	...	...	10,00,000	...	...
7,25,00,000	...	...	7,50,000	...	...
...	...	...	14,40,00,000	...	...
70,000	...	...	60,000	...	...
1,50,000	...	...	1,00,000	...	...
1,10,000	...	...	90,000	...	...
2,05,77,000	...	...	1,00,00,000	...	...
1,00,91,000	...	...	43,00,000	...	...
45,92,000	...	...	45,00,000	...	...
2,000	...	...	2,000	...	...
47,00,000	...	...	...	...	...
7,02,000	...	...	5,00,000	...	...
<u>11,54,34,000</u>	<u>22,13,71,000</u>	<u>33,68,05,000</u>	<u>16,53,02,000</u>	<u>10,47,07,000</u>	<u>27,00,09,000</u>
1,15,25,62,000	63,02,64,000	...	1,11,96,92,000	48,49,95,000	...

C.—Statement of Receipts and Disbursements of the

ACCOUNTS, 1930-31.

	India.	England.	TOTAL.
	Rs.	Rs.	Rs.
Brought forward	1,26,58,74,241	46,19,50,517	
Floating Debt—			
Treasury Bills—			
Issued to Public	1,39,68,70,000	...	
Do. Paper Currency Reserve	42,37,70,000	...	
India Bills	...	8,00,00,000	
Temporary Loans	15,00,00,000	8,00,00,000	
TOTAL	1,97,06,40,000	16,00,00,000	2,13,06,40,000
Unfunded Debt—			
Special Loans	34,705	...	
Deposits of Service Funds	13,65,150	82,730	
Post Office Cash Certificatea	8,35,76,196	...	
Savings Bank Deposits	31,57,59,993	2,60,88,419	
TOTAL	40,07,36,044	2,61,71,149	42,69,07,193
Deposits and Advances—			
Provincial Loans Fund	20,79,94,245	...	
Posts and Telegraphs Depreciation Fund	4,73,082	...	
Deposits of Local Funds—			
District Funds	17,71,88,465	...	
Other Funds	10,54,41,038	...	
Sinking Funds for Central Loans	2,02,47,604	...	
Other Appropriations for Reduction or Avoidance of Debt	...	...	
Sinking Fund Investment Account	23,54,594	...	
Gold Standard Reserve	...	89,15,04,682	
Gold Standard Reserve Revenue Equalisation Fund	...	2,84,13,427	
Paper Currency Reserve	...	6,66,14,701	
Deposits of Branch Line Companies	4,83,175	...	
Road Development Fund	1,12,25,607	...	
Departmental and Judicial Deposits	88,22,18,123	...	
Advances	33,55,79,792	5,95,092	
Discount Sinking Fund	...	...	
Gain or loss on revaluation, sale, transfer, etc., of assets of the Paper Currency Reserve	4,94,42,969	...	
Suspense	1,84,58,782	14,22,162	
Exchange on Remittance Account	...	...	
Miscellaneous	2,11,284	1,57,95,243	
Military Reserve Fund	...	...	
TOTAL	1,81,13,18,760	1,00,43,65,307	2,81,56,84,067
Railway Depreciation and Reserve Funds as per Railway Budget	22,31,94,225	...	22,31,94,225
Carried over	5,67,17,63,270	1,65,24,86,973	

* Sterling converted in ...

BUDGET FOR 1932-33.

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Central Government, in India and in England—*contd.*

REVISED ESTIMATE, 1931-32.			BUDGET ESTIMATE, 1932-33.		
India.	* England.	TOTAL.	India.	* England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1,15,25,62,000	63,02,64,000		1,11,96,92,000	48,49,95,000	
2,09,18,80,000	...		1,77,50,80,000	...	
34,98,90,000	...		98,56,00,000	...	
...	5,39,60,000		...	...	
14,50,00,000	...		...	...	
2,58,67,70,000	5,39,60,000	2,64,07,30,000	2,76,06,80,000	...	2,76,06,80,000
66,000	...		66,000	...	
13,34,000	2,15,000		13,44,000	2,14,000	
8,50,00,000	...		7,50,00,000	...	
36,38,09,000	...		32,95,34,000	...	
45,02,09,000	2,15,000	45,04,24,000	40,59,44,000	2,14,000	40,61,58,000
23,04,00,000	...		21,45,02,000	...	
97,000	...		1,69,000	...	
17,41,76,000	...		17,40,62,000	...	
10,22,30,000	...		10,10,93,000	...	
3,42,84,000	...		1,78,39,000	...	
8,87,000	...		...	...	
68,27,000	...		...	...	
...	81,33,20,000		...	57,26,80,000	
...	3,22,00,000		...	...	
2,00,000	...		2,50,000	...	
1,10,00,000	...		97,00,000	...	
85,86,49,000	...		75,54,85,000	...	
41,94,59,000	7,62,000		32,57,37,000	91,000	
...	...		...	...	
8,30,61,000	...		...	...	
4,86,84,000	95,35,000		2,21,14,000	2,10,000	
13,69,59,000	...		...	...	
3,00,82,000	2,11,18,000		10,00,000	1,82,31,000	
...	...		37,91,000	...	
2,13,69,95,000	87,69,35,000	3,01,39,30,000	1,62,57,42,000	59,12,12,000	2,21,69,54,000
17,72,08,000	...	17,72,08,000	13,18,79,000	...	13,18,79,000
9,50,37,11,000	1,56,13,74,000		6,04,39,37,000	1,07,64,21,000	

C.—Statement of Receipts and Disbursements of the

	ACCOUNTS, 1930-31.		
	India.	* England.	TOTAL.
	Rs.	Rs.	Rs.
Brought forward	5,67,17,63,270	1,65,24,86,973	
Loans and Advances by the Central Government—			
Advances to Provincial Loans Fund	9,16,70,000	...	
Other Loans and Advances	2,62,53,871	...	
TOTAL	11,79,23,871	...	11,79,23,871
Remittances—			
Remittances within India—			
Inland Money Orders	90,55,78,634	...	
Other Local Remittances	10,35,456	...	
Other Departmental Accounts	...	...	
Net Payments into Civil Treasuries by—			
Railways	44,12,823	...	
Posts and Telegraphs	...	...	
Net Issues from Civil Treasuries to—			
Posts and Telegraphs	3,16,08,433	...	
Army, Marine and Military Engineer Services	37,47,57,782	...	
Remittances between England and India—			
Remittance Account—			
Iraq drawings	84,50,000	...	
Sale of Sterling	...	7,64,48,346	
Sale of Silver	3,13,61,881	...	
Other transactions	3,40,72,929	1,80,54,408	
Sterling purchased in India	7,19,33,333	...	
Transfers through the Gold Standard Reserve	8,32,96,000	...	
Transfers through the Paper Currency Reserve	2,34,19,219	2,18,95,275	
TOTAL	1,56,99,26,490	11,63,98,029	1,68,63,24,519
Balances of Provincial Governments	3,10,14,822	3,97,47,729	7,07,62,551
TOTAL DISBURSEMENTS	7,39,06,28,453	1,80,86,82,731	
Closing Balance	17,28,23,746	(b) 7,40,43,787	
GRAND TOTAL	7,56,34,52,199	1,88,26,76,518	

* Sterling converted into

(b) Of this amount, £3,748 represents the

BUDGET FOR 1932-33.

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Central Government, in India and in England—*concl'd.*

REVISED ESTIMATE, 1931-32.			BUDGET ESTIMATE, 1932-33.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
6,50,37,44,000	1,56,13,74,000		6,04,39,37,000	1,07,64,21,000	
13,12,00,000	...		11,64,83,000	...	
2,01,07,000	...		1,06,48,000	...	
15,13,07,000	...	15,13,07,000	12,71,31,000	...	12,71,31,000
88,44,00,000	...		90,50,00,000	...	
2,64,000	...		3,95,000	...	
3,22,20,000	...		3,08,45,000	...	
1,12,48,000	...		9,74,85,000	...	
1,81,92,000	...		1,69,51,000	...	
...	...		...	...	
36,44,74,000	...		32,99,30,000	...	
85,20,000	...		80,00,000	...	
...	18,73,04,000		...	...	
2,55,84,000	...		66,80,000	...	
2,48,76,000	1,49,03,000		2,03,74,000	1,40,11,000	
47,00,00,000	...		32,67,00,000	...	
28,17,20,000	...		...	66,80,000	
...	...		...	...	
2,12,14,38,000	20,22,07,000	2,32,36,45,000	1,74,23,60,000	2,06,91,000	1,76,30,51,000
..	4,17,73,000	4,17,73,000	...	3,74,67,000	3,71,67,000
8,77,61,89,000	1,80,53,54,000		7,91,34,28,000	1,18,45,79,000	
10,18,90,746	(b) 14,71,59,787		11,36,83,746	(b) 6,57,53,787	
8,87,83,79,746	1,95,25,13,787		8,02,71,11,746	1,20,03,32,787	

Rupces at £1 = Rs. 13½.

funds of the Gold Standard Reserve.

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D.—Abstract Statement of the Receipts and Disbursements of the Central Government, in India and in England.

Revenue and Expenditure.	Accounts, 1930-31.		Revised Estimate, 1931-32.		Budget Estimate, 1932-33.	
	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Principal Heads of Revenue—						
Customs	15,87,30,963	...	45,31,10,000	...	51,40,34,000	...
Taxes on Income	15,25,60,438	...	16,57,33,000	...	17,90,10,000	...
Salt	5,56,80,151	...	7,31,91,000	...	8,30,02,000	...
Opium	1,78,90,977	...	1,17,07,000	...	61,01,000	...
Other Heads	1,30,03,015	...	1,56,53,000	...	1,22,06,000	...
TOTAL	69,87,71,544	...	71,93,84,000	...	79,43,43,000	...
Forest and other Capital Outlay charged to Revenue	...	4,02,049	...	1,22,000	...	3,16,060
Irrigation	...	30,73,383	...	12,33,000	...	3,46,600
Railways	5,73,57,332	...	...	...	...	...
Posts and Telegraphs	...	1,55,36,734	...	80,73,000	...	23,26,000
Debt Services	...	14,03,70,403	...	17,77,91,000	...	18,13,33,000
Civil Administration	...	12,36,93,233	...	11,37,31,000	...	8,74,42,000
Currency and Mint	27,34,490	...	81,24,000	...	2,61,15,000	...
Civil Works	...	2,35,47,240	...	1,09,28,000	...	1,67,40,000
Miscellaneous	...	3,34,43,258	...	3,61,72,000	...	3,33,22,000
Military Services	...	54,30,00,000	...	51,70,00,000	...	16,74,00,000
Provincial Contributions and Miscellaneous Adjustments between Central and Provincial Governments.	...	...	...	...	...	1,04,00,000
Extraordinary Items	80,57,950	...	5,48,000	...	1,81,000	...
TOTAL	76,72,11,325	89,11,66,290	72,90,56,000	80,40,40,000	82,00,39,000	79,91,55,000

D.—Abstract Statement of the Receipts and Disbursements of the Central Government, in India and in England—*concl'd.*

Revenue and Expenditure.	ACCOUNTS, 1930-31.		REVISED ESTIMATE, 1931-32.		BUDGET ESTIMATE, 1932-33.	
	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Surplus or deficit	...	11,56,44,974	...	13,05,84,000	2,14,64,000	...
Capital Account—						
Capital outlay on Security Printing Press	...	4,01,689	...	—3,94,000	...	4,000
Railway Capital not charged to Revenue	...	13,20,87,259	...	8,35,00,000	...	4,15,00,000
Construction of Irrigation Works	...	27,533	...	15,000	...	...
Capital outlay on Posts and Telegraphs	...	—3,67,895	...	87,63,000	...	23,15,000
Capital outlay on Vizagapatam Port	...	38,73,236	...	37,52,000	...	55,55,000
Capital outlay on Light-houses and Light-ships	...	—12,821	...	—2,000	...	...
Currency Capital outlay	...	1,35,474	...	1,000	...	1,000
Initial expenditure on New Capital at Delhi	...	48,26,555	...	13,22,000	...	...
Payment of commuted value of pensions	...	42,65,721	...	38,26,000	...	46,55,000
Capital outlay on Bombay Land Scheme	...	2,10,37,335	...	...	...	...
Payments to Retrenched Personnel	...	...	...	10,00,000	...	25,00,000
Debt, Deposits, Advances and Remittances—						
Permanent Debt	46,97,53,501	...	1,20,70,000	...	...	12,06,19,000
Floating Debt	...	6,59,35,548	37,99,70,000	...	40,20,000	...
Unfunded Debt	5,78,41,378	...	9,87,94,000	...	11,71,63,000	...
Deposits and Advances	...	9,56,14,967	...	8,68,53,000	7,24,23,000	...
Loans and Advances by Central Government	...	10,97,01,791	...	14,09,60,000	...	11,90,96,000
Remittances	6,15,123	...	3,29,000	...	1,27,600	...
Balances of Provincial Governments	...	7,07,62,551	...	2,26,03,000	7,02,63,000	...
Opening Balance	34,27,91,360	...	24,68,67,533	...	21,27,05,500	...
Closing Balance	...	24,68,67,533	...	24,90,50,533	...	17,94,37,533
TOTAL	87,10,01,362	87,10,01,362	73,80,30,533	73,80,30,533	47,66,85,503	47,66,85,503

Explanatory Memorandum

by the

Financial Secretary.

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INTRODUCTORY.

{Unless otherwise stated, the amounts mentioned are in lakhs of rupees; and the expressions "last year", "current year" and "next year" stand for the financial years 1930-31, 1931-32 and 1932-33 respectively.)

REVENUE AND EXPENDITURE.

1. The following statement gives the revenue and expenditure of the Central Government since 1921-22. The sterling amounts under revenue and expenditure heads in each year are converted into rupees at the average of the daily rates for telegraphic transfers in Calcutta on London for that year. In the revised estimate for the current year and the budget estimate for the next year, the rate of conversion has been assumed to be 1s. 5 7/8d. and 1s. 6d. the rupee respectively.

Year.	(1) Revenue excluding transfer from Revenue Reserve Fund.	(2) Expenditure excluding transfer to Revenue Reserve Fund and provision for Reduction or Avoidance of Debt.	(3) Balance of (1) and (2).	(4) Provision for Reduction or Avoidance of Debt and Transfers to or from Revenue Reserve Fund.	(5) Final Surplus (+) Deficit (—).
1921-22 . . .	1,15,21	1,38,40	—23,19	4,46	—27,65
1922-23 . . .	1,21,41	1,31,88	—10,47	4,55	—15,02
1923-24 . . .	1,33,17	1,27,16	+6,01	3,62	+2,39
1924-25 . . .	1,38,04	1,28,58	+9,46	3,78	+5,68
1925-26 . . .	1,33,33	1,25,05	+8,28	4,97	+3,31
1926-27 . . .	1,31,70	1,23,77	+7,93	(a) 7,93	..
1927-28 . . .	1,25,04	1,22,22	+2,82	(b) 2,82	..
1928-29 . . .	1,24,24	1,23,83	+4,36	(c) 4,68	—32
1929-30 . . .	1,32,69	1,26,68	+6,01	5,74	+27
1930-31 . . .	1,24,60	1,30,04	—5,44	6,14	—11,58
1931-32 (Revised) .	1,20,77	1,27,54	—6,77	6,89	—13,66
1932-33 (Budget) .	1,29,96	1,20,99	+8,97	6,82	+2,15

(a) After adding 2,96 transferred to Revenue Reserve Fund.

(b) After deducting 2,22 transferred from Revenue Reserve Fund.

(c) After deducting 74 transferred from Revenue Reserve Fund.

2. In the figures given in the statement above all receipts on revenue account are included in the total of revenue and all outlay in the total of expenditure, with the main exceptions that the working expenses of railways, irrigation works and posts and telegraphs, and the surplus profits paid to certain railway companies, are treated not as expenditure but as a deduction from revenue. The figures of gross revenue given above thus include the net receipts of railways and other commercial undertakings without any deduction on account of interest charges and also the total receipts under tax revenue without eliminating the cost of collection. Further, military expenditure is shown gross, the military receipts being included under revenue. With a view to present a real picture of the revenue available for administrative purposes and the expenditure on such purposes, an analytical table of the net revenue and expenditure of the Central Government is given below :—

TABLE I.

Year.	Tax revenue less cost of collection (a).	Other revenue net excluding Military receipts.	Total net revenue.	Interest on Debt.	Reduction or Avoidance of Debt.	Military expenditure net.	Other expenditure charged to revenue but omitting cost of collection of tax revenue.	Total expenditure charged to revenue.	Surplus + Deficit—.
1921-22 .	60.78	20.52	81.30	13.70	4.46	69.81	20.98	1,08.95	-27.65
1922-23 .	64.41	24.23	88.64	13.87	4.55	65.27	19.97	1,03.66	-15.02
1923-24 .	66.66	34.03	1,00.69	15.97	3.62	56.23	22.48	98.30	+2.39
1924-25 .	67.54	31.91	99.45	14.90	3.78	55.63	19.46	93.77	+5.68
1925-26 .	68.10	28.11	96.21	13.37	4.97	56.00	18.56	92.90	+3.31
1926-27 .	67.96	27.09	95.05	11.77	4.97	55.97	19.38	92.09	+2.96(b)
1927-28 .	68.12	19.18	87.30	10.57	5.04	54.79	19.12	89.52	-2.22(c)
1928-29 .	71.63	16.88	88.51	10.20	5.42	55.10	18.85	89.57	-1.06(d)
1929-30 .	71.74	20.69	92.43	10.85	5.74	55.10	20.47	92.16	+27
1930-31 .	66.54	15.31	81.85	11.28	6.14	54.30	21.71	93.43	-11.58
1931-32 .	68.98	8.72	77.70	13.14	6.89	51.76	19.57	91.36	-13.66
1932-33 . (Revised). (Budget).	76.98	9.25	86.23	13.11	6.82	46.74	17.41	84.08	+2.15

(a) Excludes share of additional revenue from import and excise duties on motor spirit payable to Road Development Fund.

(b) Accounts figure is nil, as the surplus of 2.96 was transferred to Revenue Reserve Fund.

(c) Accounts figure is nil, as the deficit of 2.22 was met out of transfer from Revenue Reserve Fund.

(d) Accounts figure is -32, as the deficit was met to the extent of 74 by transfer from Revenue Reserve Fund.

3. The figures in the above table are further analysed in the five tables that follow :—

TABLE II.
Analysis of Revenue and Expenditure of the Central Government.

Year.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
		Tax Revenue.	Cost of collection.	Net Tax Revenue.	Net Revenue from Commercial Departments.	Optium (Receipts less expenditure).	Currency and Mint (Receipts less expenditure).	Interest Receipts.	Provincial Contributions.	Extraordinary receipts.	Other Revenue.	Total Net Revenue.	Interest on Debt.	Reduction or Avoidance of Debt.	Transfer to Revenue Reserve Fund.	Extraordinary payments.	Military expenditure Net.	Other expenditure.	Net Capital Outlay of Commercial Departments (Posts and Telegraphs and Irrigation) charged to revenue.	Total Net expenditure.	Surplus + Deficit—
1931-32.	.	68.78	3.00	60.78	-7.01	1.27	3.30	1.11	0.83	...	9.16	78.43	18.70	4.46	...	...	60.81	17.01	1.10	1,06.08	-27.05
1922-23.	.	67.38	2.97	64.41	4.09	1.92	2.59	1.16	0.20	...	2.37	65.74	13.87	4.55	...	...	65.27	16.89	18	1,00.76	-15.02
1923-24.	.	69.14	3.48	66.66	8.97	1.66	2.14	3.16	0.30	2.60	2.72	97.11	15.97	3.63	...	3.41	56.23	15.86	-37	94.72	+2.39
1924-25.	.	70.24	2.70	67.54	7.11	1.44	3.28	3.41	0.20	2.54	1.86	90.38	14.90	3.78	...	1	55.63	(c) 16.75	-37	90.70	+6.68
1925-26.	.	71.06	2.96	68.10	5.78	2.04	3.64	4.22	0.20	63	2.43	93.59	13.37	4.97	...	26	50.00	(d) 17.00	-1.52	90.08	+3.31
1926-27.	.	70.83	2.87	67.96	6.09	3.33	3.89	4.09	5.17	00	2.06	98.28	11.77	4.97	2.96	4	55.97	(e) 17.39	18	93.28	...
1927-28.	.	71.13	3.01	68.12	5.92	3.07	1.90	3.62	...	14	2.78	86.55	10.57	5.04	-2.22	18	54.70	(f) 16.99	20	85.56	...
1928-29.	.	(a) 74.77	3.14	71.63	4.52	2.72	2.17	2.50	...	30	3.11	87.25	10.20	5.43	-74	1	55.10	(g) 17.42 and (h)	16	87.57	-32
1929-30.	.	(a) 74.69	3.35	71.34	5.24	2.55	2.00	4.40	...	1.59	3.39	91.20	10.85	5.74	...	...	55.10	(h) 19.11	13	90.93	+27
1930-31.	.	(a) 69.76	3.23	66.54	4.03	1.79	.27	3.39	...	99	3.13	80.14	11.28	6.14	...	16	54.30	(i) 19.03	15	91.73	-11.58
1931-32 (Revised).	.	(a) 72.06	3.08	68.98	-1.39	1.17	81	2.25	...	16	3.37	75.85	13.14	6.59	...	10	51.76	(i) 18.08	-46	90.51	-13.66
1932-33 (Budget).	.	(a) 80.21	3.28	76.93	-19	61	3.61	1.80	...	24	2.70	81.81	13.11	6.82	...	22	46.74	15.71 (h and i)	6	85.03	+2.15

(a) Exclude share of additional revenue from import and excise duties on motor spirit payable to Road Development Fund.

(b) Includes 5.60 freight tax.

(c) Includes bounties 62 lakhs.

(d) " " 86 "

(e) Includes bounties 80 lakhs.

(f) " " 12 "

(g) " " 4 "

(h) Excludes transfers to Road Development Fund.

(i) Includes 1.02 on account of North-West Frontier Province.

TABLE III.
Analysis of Tax Revenue.

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
	Revenue from Customs.	Cost of Collection.	Revenue from Taxes on Income.	Cost of Collection.	Revenue from Salt.	Cost of Collection.	Land Revenue.	Cost of Collection.	Revenue from Excise.	Cost of Collection.	Revenue from Stamps.	Cost of Collection.	Revenue from Registration.	Cost of Collection.	Total Gross Tax Revenue.	Transfers to Road Development Fund.	Tax revenue retained by Central Government.	Total cost of Collection.	Total net Tax Revenue.
1921-22	34.41	66	21.89	22	6.34	1.56	33	15	54	3	25	37	2	1	63.78	..	63.78	3.00	60.78
1922-23	41.35	71	17.99	45	6.82	1.51	43	13	52	3	25	13	2	1	67.38	..	67.38	2.97	64.41
1923-24	39.70	71	18.23	63	10.01	1.36	43	11	48	2	28	—35	1	..	69.14	..	69.14	2.48	66.66
1924-25	45.75	77	16.01	61	7.39	1.20	38	11	42	2	27	—1	2	..	70.24	..	70.24	2.70	67.54
1925-26	47.78	82	15.86	59	6.33	1.25	38	12	42	11	27	7	2	..	71.06	..	71.06	2.96	68.10
1926-27	47.38	81	15.65	62	6.70	1.20	41	13	41	10	27	1	1	..	70.83	..	70.83	2.87	67.96
1927-28	48.22	85	15.06	66	6.63	1.27	41	11	52	12	27	..	2	..	71.13	..	71.13	3.01	68.12
1928-29	49.28	94	16.70	69	7.60	1.23	38	12	53	15	31	1	2	..	74.82	55	74.77	3.14	71.63
1929-30	51.28	97	16.71	72	6.76	1.27	38	11	55	17	27	1	2	..	75.97	98	74.99	3.25	71.74
1930-31	46.81	93	16.00	75	6.83	1.26	34	10	47	17	28	1	1	..	70.74	98	69.76	3.22	66.54
1931-32 (Revised)	46.23	92	17.30	73	8.48	1.16	31	10	46	16	26	1	2	..	73.06	1.00	72.06	3.08	68.98
1932-33 (Budget).	52.31	91	18.73	83	9.43	1.13	15	5	39	16	33	15	1	..	81.35	1.14	80.21	3.23	76.98

TABLE IV.
Analysis showing how net interest figure in Table II is arrived at.

	Amounts charged to						Interest on other obligations.										Total Interest on other obligations.	Total Interest payments (Net).		
	Gross Interest on Ordinary Debt.	Railways.	Irrigation.	Posts and Telegraphs.	Provincial Loans Fund.	Other heads.	Total deductions.	Net Interest on Ordinary Debt.	Bonus on Cash Certificates.	Post Office Savings Bank.	Provident Funds.	Service Funds.	Fixed Deposits of Provincial Governments.	Famine Relief Fund.	Railway Reserve Fund.	Railway Depreciation Fund.			P. & T. Depreciation Fund.	Other items.
1921-22	30.00	15.64	12 57	2.58	..	..	18.91	11.09	14	62	1.56	11	..	..	..	..	..	18	2.61	13.70
1922-23	30.88	16.35	12 59	3.02	..	..	20.08	10.80	48	63	1.58	11	..	2	..	..	..	25	3.07	13.87
1923-24	35.03	17.57	12 64	3.75	..	..	22.08	12.95	28	67	1.67	11	..	9	..	..	..	20	3.02	15.97
1924-25	37.58	21.23	12 69	4.21	..	3	26.28	11.28	16	71	1.85	10	..	14	14	7	..	45	3.62	14.90
1925-26	38.12	23.14	12 51	5.21	6	29.04	9.08	9.08	16	74	2.05	10	6	17	34	20	1	46	4.29	13.37
1926-27	37.31	24.30	12 58	6.35	9	30.44	6.87	6.87	16	79	2.27	10	21	18	37	27	2	53	4.90	11.77
1927-28	37.46	25.75	12 62	5.46	14	32.09	5.37	5.37	23	87	2.21	10	21	20	48	33	3	54	5.20	10.57
1928-29	38.70	27.82	12 70	5.88	15	34.67	4.03	4.03	60	98	2.38	10	17	20	65	41	5	63	6.17	10.20
1929-30	40.34	29.09	12 73	6.20	18	36.32	4.02	4.02	73	1.03	2.54	12	23	16	74	53	7	68	6.83	10.85
1930-31	41.67	31.34	13 84	6.55	21	39.07	2.60	2.60	2.00	1.05	2.93	13	22	16	58	74	11	76	8.68	11.28
1931-32	45.10	31.90	13 88	7.26	24	40.41	4.69	4.69	2.06	1.08	3.11	13	6	16	14	82	13	76	8.45	13.14
(Revised)																				
1932-33 (Budget).	45.95	32.33	3 97	8.14	24	41.71	4.24	4.24	2.20	1.14	3.42	14	3	15	4	81	15	79	8.87	13.11

NOTE.—An important point to notice in connection with the amount debited to the Budget during the years included in the above Table is that nothing like a full percentage on the outstanding Post Office Cash Certificates was included until 1930-31. The amounts of Certificates outstanding during these years were:—

Amount of Certificates outstanding	Percentage to capital outstanding	Amount of Certificates outstanding	Percentage to capital outstanding
opening and closing balances.)	(Mean of opening and closing balances.)	opening and closing balances.)	(Mean of opening and closing balances.)
1921-22	14	1926-27	16
1922-23	48	1927-28	23
1923-24	28	1928-29	60
1924-25	16	1929-30	73
1925-26	16	1930-31	2.00
		1931-32	2.06
		(Estimate.)	
		1932-33	2.20
		(Estimate.)	
			4.7

BUDGET FOR 1932-33.

TABLE V.
Analysis of main heads of 'Other expenditure' Column 18 in Table II.

	Forest Expenditure.	Total Civil Administration.	Famine.	Territorial, etc., Pensions.	Superannuation, etc., allowances.	Miscellaneous. Stationery and Printing.	Miscellaneous.	Total.	Commutation of Pensions	Civil Works.	Salt, Stamp and Forest Capital outlay charged to revenue.	Total other Central expenditure.
1921-22	47	9,41	3	30	3,44	79	1,03	5,59	..	1,54	..	17,01
1922-23	39	9,94	1	29	3,61	62	68	5,21	..	1,35	..	16,89
1923-24	36	9,34	..	29	2,97	51	69	4,46	..	1,70	..	15,86
1924-25	31	10,13	..	31	2,86	35	83	4,35	..	1,78	18	16,75
1925-26	30	10,77	1	30	2,90	34	71	4,26	..	1,60	7	17,00
1926-27	32	11,14	1	31	2,62	31	71	3,96	..	1,90	7	17,39
1927-28	31	11,21	..	29	2,51	26	65	3,71	5	1,58	13	16,99
1928-29	33	11,44	..	28	2,45	56	73	4,02	4	1,55	4	17,42
1929-30	35	12,66	..	32	2,66	55	88	4,41	4	1,60	5	19,11
1930-31	36	13,34	..	32	2,56	55	81	4,24	6	1,65	4	19,69
1931-32 (Revised)	32	1,232	1	32	2,61	54	70	4,18	2	1,23	1	18,08
1932-33 (Budget)	21	9,65	..	31	2,62	42	63	3,98	2	80	3	14,69

(a) To this figure should be added 1,02 on account of North-West Frontier Province to arrive at the figure shown in column 18 of Table II.

TABLE XVI.
Analysis of the total expenditure on Civil Administration in Table V.

	General Administration.	Audit.	Administration of Justice.	Jails and Convict Settlements.	Police.	Ports and Pilotage.	Lighthouses and Lightships.	Ecclesiastical.	Political.	Watch and Ward.	Scientific Departments.	Education.	Medical.	Public Health.	Agriculture.	Industries.	Civil Aviation.	Miscellaneous Departments.	Indian Stores Department.	Total.
1921-22	1,93	70	10	45	88	24	..	31	2,26	..	1,12	31	31	16	21	1	1	41	..	9,41
1922-23	2,04	75	11	41	89	23	..	30	3,04	..	91	31	32	16	21	..	..	26	..	9,34
1923-24	1,56	75	13	36	84	23	..	29	2,98	..	85	31	28	11	24	1	..	40	..	9,34
1924-25	1,54	78	12	36	94	25	..	31	3,16	..	76	32	26	17	31	61	..	24	..	10,13
1925-26	1,56	84	13	36	96	32	..	32	3,37	..	80	32	29	13	27	86	1	23	..	10,77
1926-27	1,66	85	15	37	93	35	..	32	3,32	..	85	38	30	17	27	82	13	11	16	11,14
1927-28	1,72	89	14	35	69	33	..	32	1,58	2,50	91	48	30	17	29	15	10	12	17	11,21
1928-29	1,88	97	15	35	74	29	..	32	1,58	2,54	93	45	31	19	30	7	5	13	19	11,44
1929-30	2,25	1,02	15	42	76	25	14	32	1,62	2,69	94	52	32	21	46	3	20	15	21	12,66
1930-31	2,13	1,03	15	48	93	26	12	32	1,96	2,78	93	62	32	19	48	3	23	29	9	13,34
1931-32 (Revised)	2,01	1,03	16	39	8	27	11	30	1,64	2,40	89	63	31	18	35	2	20	47	9	12,32
1932-33 (Budget).	1,53	97	9	26	54	25	12	29	1,44	2,19	64	35	23	14	23	2	9	21	6	9,65

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ACCOUNTS, 1930-31.

4. The Accounts for 1930-31 show a deficit of 11,58, compared with a deficit of 12,68 in the revised estimate for the same year. The principal variations in the actuals from the revised estimate are as follows :

Increases.		Revenue.		Decreases.	
Customs	79	Opium	10		
Taxes on income	20	Payments from Indian States	11		
Interest	6				
Total increase in revenue		84			

Expenditure.

Debt Services	20	Civil Administration	20
		Civil Works	6
		Other heads of expenditure	20
Total decrease in expenditure		26	

ESTIMATES FOR THE CURRENT AND NEXT YEARS.

5. Owing to adverse developments in the first half of the current year, due to the continuance of the world-wide depression, the equilibrium between revenue and expenditure which was aimed at when the budget estimates were presented in March last was greatly disturbed, and it was found necessary to undertake *interim* measures to counteract the deterioration in the revenue and expenditure returns of Government. It was estimated in September 1931 that on the basis of taxation adopted in the original budget for the current year there would be a deficit of 19,55 in the current year and of 19,50 in the next, or 39,05 for the two years together. To deal with the position, the Government took three lines of action : reductions in expenditure by economy and retrenchment, an emergency cut in salaries of Government servants, and fresh taxation.

6. The following table compares the original budget for the current year with the supplementary estimates framed in September last embodying the anticipated results from the measures referred to in the preceding paragraph :

	Revenue.	Expenditure.	Surplus + Deficit—.	Proposed reduction in normal provision for Reduction or Avoidance of Debt.	Final Surplus + or Deficit—.
Original budget 1931-32	1,34,87	1,34,86	+1	..	+1
Supplementary budget { 1931-32.	1,26,13	1,36,30	—10,17	2,47	—7,70
{ 1932-33.	1,35,06	1,27,83	+5,23	2,47	+7,70

It was considered justifiable to regard the combined deficit of 4,94 over the two years as covered by making a reduction of about 2,47 in each year from the provision for Reduction or Avoidance of Debt.

The combined result of the two years was arrived at as follows :—

	1931-32.	1932-33.
(1) <i>Retrenchments</i> —		
Civil expenditure including posts and telegraphs but excluding railways	30	2,50
Military expenditure	..	4,50
(2) <i>Cuts in pay</i> —		
Civil officers and establishment including posts and telegraphs but excluding railways	35	1,15
Military officers	25	75
Total of retrenchments and cuts in pay	90	8,90
(3) <i>Additions to revenue</i> —		
Customs revenue	4,85	9,72
Income-tax (net)	2,05	3,53
Salt—		
(i) Abolition of credit sales	1,00	1,00
(ii) Surcharge	21	85
Posts and Telegraphs	37	73
Total additions to revenue	8,48	15,83
Total of retrenchments, cuts in pay and additions to revenue	9,38	24,73
Deficit anticipated before <i>interim</i> measures were taken	19,55	19,50
Resultant deficit—, surplus + ...	—10,17	+5,23

The figures of revenue and expenditure were not separately worked out in every detail for the Supplementary Budget but it was assumed that the measures introduced would affect the broad groups of revenue and expenditure in the manner set forth in paragraphs 7 to 10 below.

REVISED ESTIMATE, 1931-32.

7. The Revised Estimate for 1931-32 shows a deficit of 13,66 as compared with a surplus of 1 in the original Budget and a deficit of 10,17 in the Supplementary Budget. The following tables show the gross and net figures in Revised as compared with the Supplementary Budget :

	Supplementary Budget, 1931-32.	Revised, 1931-32.	Improvement + or Deterioration— of Revised over Supplementary Budget.
Gross Revenue	1,26,13	1,20,77	—5,36
Gross Expenditure	1,36,30	1,34,43	+1,87
Deficit	10,17	13,66	—3,49

BUDGET FOR 1932-33.

	Supplementary Budget, 1931-32.	Revised, 1931-32.	Improvement + or Deterioration—of Revised over Supplementary Budget.
(II)			
Tax Revenue (net).	74,65	68,98	—5,67
Net revenue from Commercial Departments	—98	—1,39	—41
Opium (net)	1,25	1,17	—8
Currency and Mint (net)	—68	81	+1,49
Interest Receipts.	2,68	2,25	—43
Extraordinary Receipts	7	16	+9
Other Revenue	3,09	3,87	+78
	80,08	75,85	—4,23
Interest on Debt	13,82	13,14	+68
Reduction or Avoidance of Debt	6,90	6,89	+1
Military Expenditure (net)	51,75	51,76	—1
Other Expenditure	18,20	18,18	+2
Net Capital Expenditure of Commercial Departments (Posts and Telegraphs and Irrigation) charged to revenue	—42	—46	+4
	90,25	89,51	+74
Deficit (—)	—10,17	—13,66	—3,49

8. The Revised estimate for the current year is 3,49 worse than the estimate for the same year taken in the Supplementary Budget. The worseness under "Net Tax Revenue" represents a drop of 5,08 under 'Customs', 1,00 under 'Income-tax' and 10 under 'Other heads' excluding 'Salt', counterbalanced by an increase of 30 under 'Salt' and a decrease of 21 under 'Cost of collection'. The improvement in Salt revenue both in the Revised current year and in the Budget for next year—*vide* paragraph 10—is due to the absence of any indications of a drop in offtake which was assumed in the Supplementary Budget. The deterioration of 41 in the "Net revenue from Commercial Departments" is almost wholly due to the deterioration in the estimate for the Posts and Telegraphs Department. This is partly accounted for by the fact that the new measures for increasing receipts were actually introduced some six weeks later than had been allowed for in the Supplementary Budget estimates. Net Opium receipts are 8 lakhs down owing to a reduction in the number of chests taken by foreign purchasing Governments. The betterness under "Currency and Mint (Net)" is wholly due to the profit arising in connection with the expansion of currency against treasury bills, which, as a result of the change in accounting procedure explained in paragraph 19 of the Hon'ble the Finance Member's Budget speech, is now adjusted in the accounts of each year to the extent of the amount of profit earned during the year. The fall in interest receipts is due to the heavy depreciation in securities held in the Gold Standard Reserve, which was not allowed for at the time of the Supplementary Budget. There is an increase of 9 under "Extraordinary receipts", which is mainly the refund by the Military Department of the savings under the civil grant for the expansion of the Territorial Forces which had been transferred in past years to the Military Reserve Fund. The large addition to "Other revenue" is due to gain on exchange which is fully explained in paragraph 50 below. As regards expenditure, the important variation occurs under "Interest

on Debt", where the improvement is explained by the change in accounting procedure referred to above. This improvement has been partly offset by an increase under discount on treasury bills issued to the Paper Currency Reserve to a larger extent than was assumed in the Supplementary Budget.

9. The Budget Estimate for 1932-33 shows a surplus of 2,15 against a surplus of 5,23 in the Supplementary Budget for the same year. The gross and net figures are compared below :—

	Supplementary Budget, 1932-33.	Budget, 1932-33.	Improvement + or Deterioration—of Budget 1932-33 over Supplementary Budget for same year.
Gross Revenue . . .	1,33,06	1,29,96	—3,10
Gross Expenditure . . .	1,27,83	1,27,81	+2
Surplus (+) . . .	+5,23	+2,15	—3,08

10. Except under some of the principal heads of Tax Revenue and the Finance headings no detailed estimates were worked out in connection with the Supplementary Budget. Retrenchment plans definitely adopted were taken into account and allowance was made for further possible retrenchments. The effect of the measures introduced by the Supplementary Finance Act was also taken into account. Broadly speaking the present estimates of gross expenditure show practically no variation from the Supplementary Budget in spite of unavoidable increases under certain items. As regards gross revenue the reduction of 3,10 may be broadly analysed as follows :—

	Better +	Worse —
Customs (after eliminating the share payable to the Road Fund)	..	5,00
Taxes on Income	71	..
Salt	61	..
Opium	..	73
Interest Receipts	..	88
Currency and Mint	2,78	..
Other Heads	..	59
	4,10	7,20
Net reduction	3,10	

The reduction under Customs is necessitated by the large drop of revenue in the Revised and the improbability of such a large recovery in Budget as the original estimate taken in the Supplementary Budget would involve. The improvement under 'Taxes on Income' has been fully explained in paragraph 14 of the Hon'ble the Finance Member's Budget speech. The increase under Salt has been explained in paragraph 8 above. The large variation in Opium Receipts is due to the fact that two of the foreign purchasing Governments are not taking any opium in 1932—a factor which was not known at the time of the Supplementary Budget. Although it was expected that the receipts from Interest would diminish in 1932-33 as compared with the Revised—*vide* paragraph 18 of the Financial Secretary's Memorandum of the 29th September 1931—no actual reduction was made in the estimate in the absence of definite information. The large increase under "Currency and Mint" is due to the expansion of currency which has taken place since September last.

NOTES ON CERTAIN HEADS OF REVENUE AND EXPENDITURE.

CUSTOMS.

	Revenue (Receipts less Refunds).	Expenditure.	Net revenue.
1928-29	49,28·01	93·59	48,34·42
1929-30	51,27·66	97·51	50,30·15
1930-31	46,80·76	93·39	45,87·37
1931-32 { Budget	56,45·97	98·06	55,47·91
{ Revised	46,22·55	91·45	45,31·10
1932-33 Budget	52,31·27	91·03	51,40·24

11. The details are as follows :—

	Accounts, 1928-29.	Accounts, 1929-30.	1931-32.		Budget, 1932-33.
			Accounts, 1930-31.	Budget.	Revised.
REVENUE.					
SEA CUSTOMS.					
IMPORTS.					
<i>Non-protective Special Duties.</i>					
Wheat and wheat flour	..	..	..	..	2·07
Liquors—					
(a) Ale, beer, porter, cider and other fermented liquors	21·98	24·58	28·85	31·05	33·00
(b) Sprites and Liqueurs	2,14·90	2,15·10	2,08·59	2,45·00	1,00·00
(c) Wines	15·11	14·61	12·91	15·70	10·00
Sugar, all sorts	7,77·20	8,69·70	10,78·97	11,16·00	7,60·00
Tobacco	2,58·48	2,27·90	1,26·60	1,48·60	1,25·60
Coal, coke and patent fuel	·95	1·19	·91	1·18	·67
Tin, block	6·15	7·13	6·59	6·90	5·55
Oils	1,63·03	1,64·33	2,11·59	1,92·29	2,61·20
{ Kerosene	·66	16·86		40·00	
{ Motor spirit	80·51	28·26		35·00	
{ Other mineral oils					

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	Accounts, 1928-29.	Accounts, 1929-30.	Accounts, 1930-31.	1931-32.		Budget, 1932-33.
				Budget.	Revised.	
REVENUE—contd.						
SEA CUSTOMS—contd.						
IMPORTS—contd.						
Non-protective Special Duties—contd.						
Arms, ammunition and military stores	6'12	5'84	5'12	6'00	8'10	8'32
Motor cars and cycles	1,02'14	95'01	72'31	1,01'50	71'60	80'63
Silver bullion, coin, sheets and plates not manufactured	..	17'70	2,32'64	2,37'65	1,10'05	1,60'00
Artificial silk yarn and thread	10'43	7'42	6'03	7'25	7'85	10'23
Cotton yarn and thread	45'80	45'16	30'09	34'80	37'40	47'05
Silk or artificial silk mixtures	8'02	7'33	5'26	6'60	17'50	26'87
Portland Cement (excluding white Portland cement)	11'53	10'52	10'00	13'09	13'45	16'39
Raw cotton	..	..	..	..	16'13	32'30
Other Articles	2'66	3'49	5'09	4'15	10'55	19'53
Duty at 2½ per cent.						
Printing materials, vinegar and other articles	84	25	20	17	21	16
Duty at 10 per cent.						
Metals—Iron and Steel	46'41	43'91	35'28	46'05	35'00	36'05
Railway plant and rolling stock	20'16	20'60	16'27	19'85	12'35	14'20
Machinery	..	..	..	..	49'00	1,00'00
Dyes and colours	..	..	..	..	10'16	20'55
Other articles	54	41	58	54	72	29
Duty at 15 per cent.						
Articles of food and drink (excluding sugar and vinegar and grain and pulse but including flour other than wheat flour)	1,80'75	1,77'00	1,50'13	1,60'00	1,37'37	1,47'49
Raw materials and articles mainly unmanufactured	79'06	73'64	57'73	72'64	67'64	69'03
Articles wholly or mainly manufactured—						
(a) Cutlery, hardware, implements and instruments	1,45'67	1,40'81	1,11'18	1,44'20	1,30'40	1,35'90
(b) Broadcast wireless receiving apparatus and component parts	..	..	56	41	38	42
(c) Metals, other than Iron and Steel	82'76	75'01	66'08	87'17	61'50	69'13
(d) Yarn and textile fabrics (including short fents of cotton cloth but excluding artificial silk yarn, cotton yarn and silk and artificial silk manufactures.	1,74'82	1,59'18	98'54	1,56'30	1,20'00	1,20'38
(e) Pneumatic rubber tyres and tubes	33'10	37'29	30'83	40'40	37'50	40'56
(f) All other articles wholly or mainly manufactured	4,13'11	4,36'33	3,42'38	4,45'15	4,01'20	4,08'62
Miscellaneous	64'84	63'55	55'88	67'00	67'60	74'73
Duty at 30 per cent.						
Silces	..	..	..	16'00	21'70	24'47
Silk or artificial silk piece-goods and other manufactures of the same.	87'60	79'00	50'16	66'33	89'40	1,12'77
Cinematograph films, exposed	..	..	..	6'00	6'05	6'58
Betelnuts	..	..	..	48'00	60'03	62'80
Other articles	1,00'92	1,05'27	60'64	88'75	93'06	1,11'25

	Accounts, 1923-29.	Accounts, 1929-30.	Accounts, 1930-31.	1931-32.		Budget, 1932-33.
				Budget.	Revised.	
REVENUE—concl'd.						
SEA CUSTOMS—concl'd.						
IMPORTS—concl'd.						
Protective Special Duties.						
Iron and Steel { (a) Liable to additional duties (b) Not liable to additional duties	2,62'45	2,13'23	1,43'39	1,93'00	1,21'90	1,36'99
Silver wire, thread and other manufactures			5'63	5'78	7'38	8'38
Paper and Stationery	28'10	29'41	21'32	23'86	23'18	25'55
Cotton piece-goods	6,04'49	5,83'63	3,73'40	5,65'00	3,69'80	3,79'15
Matches, match-splints and veneers	25'28	13'94	3'75	3'73	2'30	1'75
Heavy Chemicals	..	..	..	..	99	3'77
Government stores.						
Articles liable to protective duties—						
Iron and Steel { (a) Liable to additional duties (b) Not liable to additional duties	67'10	58'73	63'82	38'19	46'50	47'43
Paper and Stationery						
Railway plant and rolling stock (non-protective)						
Others						
TOTAL IMPORTS	40,92'07	40,72'81	37,29'49	45,36'12	36,23'51	41,13'98
Export duties—						
(a) Hides and skins, raw	36'83	85'42	24'80	26'73	20'48	25'55
(b) Jute (raw and manufactured)	4,21'99	4,66'24	3,44'28	3,60'42	3,25'31	3,25'32
(c) Rice	99'45	1,20'48	90'61	93'58	93'28	90'69
(d) Tea	..	..	..	..	..	..
(e) Government Stores	01	..	..	01	01	..
Sea Customs—Miscellaneous	18'87	12'15	9'77	10'57	7'72	8'95
Land Customs	98'84	1,14'02	1,51'10	1,41'36	1,12'26	1,21'55
Excise Duty on Motor Spirit	1,55'03	2,81'13	2,68'33	3,02'62	3,24'54	3,75'51
Excise Duty on Kerosene	92'85	95'70	1,43'81	1,87'10	2,06'97	2,63'00
Excise Duty on Silver	..	..	16'60	22'00	23'00	20'00
Warehouse and wharf rents and Miscellaneous	5'80	5'65	5'49	5'36	4'76	4'92
TOTAL RECEIPTS	50,15'74	52,03'67	47,84'28	57,45'87	47,41'84	53,49'47
Deduct—Refunds	87'73	76'01	1,03'52	99'90	1,19'29	1,18'20
NET TOTAL REVENUE	49,28'01	51,27'66	46,80'76	56,45'97	46,22'55	52,31'27
EXPENDITURE.						
India	91'53	96'13	91'70	96'40	89'08	89'55
England	2'01	1'87	1'67	1'68	2'86	1'48
Exchange	..	01	02	..	01	..
Total	93'59	97'51	93'39	98'06	91'45	91'03

12. The Indian Finance (Supplementary and Extending) Act, 1931 imposed with effect from the 30th September 1931 a temporary surcharge of 25 per cent. on all existing duties with the exception of export duties and also imposed certain new, and increased certain existing import duties. As regards new duties, machinery, dyes and raw cotton were removed from the free list and made subject to a duty of 10 per cent. *ad valorem* in the case of machinery and dyes and $\frac{1}{2}$ anna per lb. in the case of raw cotton. The increases in existing duties were as follows :—

	From	To
(i) Artificial silk piece-goods	20 per cent.	40 per cent.
(ii) Artificial silk yarn	10 per cent.	15 per cent.
(iii) Brown sugar	Rs. 6 as. 12 per cwt.	Rs. 7 as. 4 per cwt.
(iv) Boots and shoes	20 per cent.	20 per cent. or a minimum of 4 as. per pair.
(v) Camphor	20 per cent.	40 per cent.
(vi) Electric bulbs	20 per cent.	40 per cent.

The surcharge on these articles was leviable on the increased duty.

13. It was estimated at the time of the Supplementary Budget that on the basis of the then existing rates of duty there would be a drop in revenue of 10,00 as compared with the Budget Estimate framed in March 1931. The changes introduced by the Supplementary Finance Act, were expected to yield an additional revenue of 4,85 in 1931-32 and 9,72 in 1932-33, giving a Revised Estimate of total revenue of 51,31 and a Budget Estimate of 57,18. The estimates now presented on the basis of the progress of up to date actuals indicate a worseness of 5,08 in Revised and 4,87 in Budget as compared with the calculations in the Supplementary Budget. The principal deterioration from the estimates occurs under the heads sugar, silver and cotton piece-goods.

14. As regards refunds, the increase in Revised as compared with Budget, 1931-32 represents larger re-exports and increase in rates of duty.

TAXES ON INCOME.

	Revenue. (Receipts less re- funds and Pro- vincial Govern- ments' share of Income-tax revenue).	Expenditure.	Net revenue.
1928-29	16,70·34	68·96	16,01·38
1929-30	16,70·61	71·85	15,98·76
1930-31	16,00·33	74·73	15,25·60
1931-32 { Budget	17,44·54	77·26	16,67·28
{ Revised	17,30·49	73·26	16,57·23
1932-33 Budget	18,73·38	83·28	17,90·10

15. The following tables give the usual details :—

	1931-32.					
	Accounts, 1928-29.	Accounts, 1929-30.	Accounts, 1930-31.	Budget.	Revised.	Budget, 1932-33.
REVENUE.						
EXCESS PROFITS DUTY.						
1 Bengal	·01	·01	·01	·01	·01	·01
SUPER-TAX.						
1. India	2·94	4·01	3·06	2·02	3·07	2·36
2. Baluchistan	·12	·25	·14	·20	·14	·14
3. North-West Frontier	·97	1·21	·96	·80	·70	·73
4. Madras	20·90	21·65	18·04	23·00	18·00	20·00
5. Bombay	79·83	95·30	85·64	80·00	90·00	93·00
6. Bengal	2,55·10	2,65·94	2,48·08	1,93·68	1,82·00	1,75·00
7. United Provinces	19·74	19·33	16·02	13·10	22·60	21·50
8. Punjab	7·82	5·88	4·15	2·51	4·23	4·51
9. Burma	56·54	49·00	57·56	54·50	51·25	51·00
10. Bihar and Orissa	49·22	12·49	11·86	19·00	16·39	17·50
11. Central Provinces	4·95	2·90	3·18	4·51	8·40	5·88
12. Assam	8·59	3·01	2·25	1·96	1·83	1·99
TOTAL	5,01·72	4,81·57	4,52·34	3,05·17	4,01·70	3,94·11
INCOME-TAX.						
1. India General—						
Civil	41·74	48·87	54·87	80·63	68·73	67·30
Non-Civil Departments	66·58	69·16	71·80	71·80	93·70	1,10·90
2. Delhi	10·40	11·40	10·44	10·67	13·47	14·50
3. Baluchistan	1·76	1·70	1·56	1·47	1·88	1·87
4. North-West Frontier	9·56	9·82	8·30	8·56	10·95	11·69
5. Madras	1,34·45	1,38·71	1,36·38	1,79·00	1,77·00	1,95·10
6. Bombay	2,93·84	3,16·59	3,64·84	3,45·86	3,62·88	4,40·88
7. Bengal	3,91·98	3,97·57	3,68·48	3,67·37	3,13·00	3,31·25
8. United Provinces	73·21	74·55	74·52	82·52	87·00	95·00
9. Punjab	65·31	62·30	58·44	63·00	69·37	78·89
10. Burma	1,76·62	1,78·86	1,40·95	1,93·65	1,67·20	1,78·00
11. Bihar and Orissa	50·75	47·74	44·69	59·64	61·84	69·75
12. Central Provinces	36·87	37·54	37·74	45·01	43·70	47·13
13. Assam	20·38	19·46	18·66	20·83	20·01	21·15
14. Chong	·22	·25	·31	·24	·28	·26
TOTAL	13,78·65	14,09·61	13,31·98	15,30·25	15,11·01	16,64·27

BUDGET FOR 1932-33.

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	Accounts, 1928-29.	Accounts, 1929-30.	Accounts, 1930-31.	-		Budget, 1932-33.
				Budget.	Revised.	
REVENUE—contd.						
MISCELLANEOUS.						
1. India	·03	·04	·01	..	..	..
2. North-West Frontier Province .	..	·01	..	·01	·01	·01
3. Madras	·06	·02	·03	·03	·03	·03
4. Bombay	·01	·04	·12	·14	·12	·12
5. Bengal	..	·04	..	·02	·03	·02
6. United Provinces	·05	·10	·09	..	..	..
7. Punjab	·06	·05	·03	·03	·09	·04
8. Burma	·08	·03	·50	·02	·25	·02
9. Bihar and Orissa	·01	·04	·03	·06	·02	·03
10. Central Provinces	·09	·03	·09	·03	·25	·10
11. Assam	·01	..	..	..	..	..
12. England	..	·05	..	..	..	..
TOTAL .	·40	·45	·89	·34	·79	·38
Total Receipts from Taxes on Income	18,75·78	18,91·64	17,85·23	19,25·77	19,13·51	20,58·75
Deduct—Refunds—						
India	1,70·06	1,35·28	1,54·25	1,54·83	1,64·72	1,67·05
England	·07	·01	..	..	..	..
Exchange	..	..	..	..	..	..
TOTAL REFUNDS . .	1,70·13	1,35·29	1,54·25	1,54·83	1,64·72	1,67·05
Deduct—Share of Provincial Govern- ments in Income-tax revenue under the Devolution Rules	35·31	35·74	80·64	26·40	13·30	13·32
Total Revenue of the Central Gov- ernment	16,70·34	16,70·61	16,00·33	17,44·54	17,30·49	18,73·38
EXPENDITURE.						
India	67·46	70·35	73·73	75·87	72·35	82·33
England	1·50	1·49	·99	1·39	1·00	·95
Exchange	..	·01	·01	..	·01	..
TOTAL .	68·96	71·85	74·73	77·26	73·36	83·28
Distributed as follows—						
Payments to Provincial Govern- ments	1·90	·31	·30	·24	·26	·21
Direct expenditure of Central Gov- ernment	67·06	71·54	74·43	77·02	73·00	83·07

BUDGET FOR 1932-33.

16. Income-tax revenue payable to Provincial Governments on the present basis of taxation is :—

	Accounts, 1928-29.	Accounts, 1929-30.	Accounts, 1930-31.	1931-32.		Budget, 1932-33.
				Budget.	Revised.	
Madras	5.48	7.27	6.75	5.50	3.00	4.00
United Provinces	..	.71	1.40	1.00	..	..
Punjab	4.02	3.60	2.00	..	..	..
Burma	12.21	11.40	10.36	12.00	8.50	7.50
Bihar and Orissa	4.74	4.49	3.14	3.90	2.80	2.82
Central Provinces	2.23	2.74	2.65	..	1.00	1.00
Assam	6.63	5.53	4.34	4.00	3.00	3.00
TOTAL	35.31	35.74	30.64	26.40	18.30	18.32

17. It was estimated in September last at the time of the Supplementary Budget that on the then existing basis of taxation the revenue from Taxes on Income would show a fall of 1.25 in the current year as compared with the original budget for the same year, and that business being generally worse in the current year than in the last, the revenue would make a poorer showing next year. The Supplementary Finance Act introduced a tax of 2 pies in the rupee for the current year and 4 pies in the next on incomes between Rs. 1,000 and Rs. 2,000 per annum and imposed a surcharge of 12½ per cent. in the current year and 25 per cent. in the next on the existing rates of income-tax and super-tax. In the case of Government servants the increases of income-tax and super-tax, both by way of surcharge on existing rates or by way of imposition of a tax for the first time on lower incomes were merged in the general cut in salaries. On the basis of these measures the Supplementary Budget assumed a total revenue of 18.31 in the current year and 18.02 in the next.

18. The estimates now presented show a worseness of 1.00 in Revised and a betterness of .71 in Budget as compared with the calculations in the Supplementary Budget. Of the betterness in Budget, .23 represents recovery from State and Company-managed Railways—*vide* paragraph 14 of the Honourable the Finance Member's Budget speech.

SALT.

	Revenue (Receipts less Refunds).	Expenditure (including Capital Expenditure charged to Revenue).	Net Revenue.
1928-29	7,59.93	1,23.83	6,36.10
1929-30	6,76.46	1,28.08	5,48.38
1930-31	6,83.22	1,26.40	5,56.82
1931-32 { Budget	7,05.00	1,25.15	5,79.85
{ Revised	8,48.03	1,16.59	7,31.44
1932-33 Budget	9,43.40	1,15.69	8,27.71

19. The relevant details are given below :—

	Accounts, 1928-29.	Accounts, 1929-30.	Accounts, 1930-31.	1931-32.		Budget, 1932-33.
				Budget.	Revised.	
REVENUE.						
Northern India (a)	2,47·19	1,54·46	1,44·20	1,64·46	2,00·77	2,44·6·
Madras (a)	1,47·65	1,47·53	1,42·87	1,47·94	1,77·46	2,07·9
Bombay (a)	1,59·20	1,59·25	1,60·95	1,56·42	1,95·27	1,83·09
Bengal (b)	1,76·90	1,84·95	2,08·92	2,06·02	2,51·76	2,82·67
Burma (b)	84·86	84·67	33·40	84·83	41·23	44·03
Bihar and Orissa	·01	·01	..	·01	·01	·01
Assam	·01	·01	..	..	..	..
TOTAL RECEIPTS	7,65·82	6,80·88	6,90·52	7,09·08	8,66·50	9,62·35
Deduct—Refunds	5·89	4·42	7·30	4·63	5·47	5·95
Deduct—Provincial Share	..	..	..	..	13·00	13·00
TOTAL REVENUE	7,59·93	6,76·46	6,83·22	7,05 00	8,48·03	9,43·40
EXPENDITURE.						
Cost of salt purchased by Govern- ment	7·03	8·29	9·33	9·90	8·22	8·37
Assignments and compensations	39·49	39·70	39·13	37·49	36·42	38·19
Interest	4·97	4·38	4·19	4·74	4·21	4·29
Depreciation	2·92	2·76	2·63	2·4	2·51	2·52
Other charges	67·94	70·79	70·13	68·33	63·64	69·30
Capital outlay on salt works	·58	1·12	—·02	1·02	·47	2·31
Total India	1,22·93	1,27·04	1,25·39	1,24·12	1,15·47	1,14·98
England	·90	1·03	1·00	1·03	1·11	·71
Exchange	..	·01	·01	..	·01	..
TOTAL	1,23·83	1,28·08	1,26·40	1,25·15	1,16·59	1,15·69

(a) Chiefly excise on local manufacture.

(b) Chiefly duty on imported salt.

20. The Government of India notified the gradual termination of the system of credit sales by limiting credits to 3 months as from the 1st October 1931, and discontinuing the grant of new credits altogether from the 1st March 1932. This change in the system was expected to give an additional revenue of 1,00 each in the current year and the next. The Supplementary Finance Act, 1931, imposed a surcharge of 25 per cent. on the customs and excise duties on salt. Allowing for a decrease in offtake, the total revenue in the current year and the next after the adoption of the new measures was taken at 8,18 and 8,82 respectively. There are now no indications of a decrease in consumption and this explains the betterness in the present estimates in both years.

21. The deduct entry of 13·00 in revised represents $\frac{7}{8}$ ths of the additional revenue collected under the Salt (Additional Import Duty) Act, 1931, distributed to Provincial Governments on the basis of the consumption of imported salt in the provinces. The estimates for next year assume the continuance of the Act.

OPIUM.

	Provision and medical opium.	Excise opium and miscellaneous (less refunds).	Total revenue (Receipts less refunds).	Purchase or opium.	Other charges.	Total expenditure.	Net revenue.
1928-29 . . .	2,57·08	69·51	3,26·59	42·44	12·51	54·95	2,71·64
1929-30 . . .	2,31·20	72·90	3,04·10	37·01	11·80	48·81	2,55·29
1930-31 . . .	1,81·40	71·87	2,53·27	63·49	10·87	74·36	1,78·91
1931-32 { Budget .	1,54·35	61·23	2,15·58	62·27	11·36	73·63	1,41·95
{ Revised .	1,43·38	54·86	1,98·24	71·07	10·10	81·17	1,17·07
1932-33 Budget .	80·26	52·37	1,32·63	62·56	9·06	71·62	61·01

22. The revenue from opium is derived mainly from exports of what is called provision opium to foreign countries. The rest is sold at roughly cost price to Provincial Governments as excise opium for internal consumption in India and is retailed by them to licensed vendors at rates fixed by them and varying from province to province. Opium is exported to foreign countries only after the prescribed import certificate from the Government of the importing country is produced. The entire quantity is now dealt with under the system of direct sales to Foreign and Colonial Governments, the old auction sales in Calcutta to traders for export to foreign countries having been stopped with effect from the 7th April 1926.

23. The exports of provision opium in the current year are expected to amount to 3,582 chests, but will drop to 2,004 chests next year. This is partly due to the arrangement whereby they have to be extinguished progressively by a date not later than the 31st December 1935 and partly to the fact that the Dutch East Indies and Siam Governments are not taking any opium in 1932—their quotas for that year being 482 and 695 chests respectively. This accounts mainly for the fall in the budget estimate of revenue for 1932-33.

24. As regards Expenditure, the increase in the Revised as compared with the Budget for the current year is due to the increased outturn of the last season.

OTHER PRINCIPAL HEADS OF REVENUE AND DIRECT DEMANDS ON THE REVENUE.

	Revenue.	Expenditure.	Net revenue.
1928-29	2,23·85	61·37	1,62·48
1929-30	2,25·60	63·35	1,62·25
1930-31	2,03·22	64·19	1,39·03
1931-32 { Budget	2,21·46	67·26	1,54·20
{ Revised	2,15·08	58·55	1,56·53
1932-33 Budget	1,79·39	57·33	1,22·06

25. These heads comprise Land Revenue, Excise, Stamps, Forest, Registration and Payments from Indian States. The fall in Revenue in Revised under all heads except the last amounts to 18 and is due to the prevailing trade and economic depression. It is partly counterbalanced by an increase of 12 under "Payments from Indian States" due to the postponement of one half-yearly instalment of subsidy by Mysore from 1930-31 to the current year. The decrease in Budget, 1932-33, as compared with the Revised estimate of revenue is partly due to the last mentioned factor, but mainly to the elimination of the revenue receipts of the North-West Frontier Province.

The receipts and expenditure of the Security Printing Press at Nasik will, with effect from the 1st April 1932, be included in the figures of revenue and expenditure under the head "Stamps". Hitherto only the net commercial profit or loss was shown in the revenue budget of the Government of India and the change in procedure is proposed in pursuance of the recommendation of the General Purposes Sub-Committee of the Retrenchment Advisory Committee and the Public Accounts Committee. This accounts for the fact that the Budget estimate of expenditure is almost the same as the Revised, in spite of the elimination of the expenditure relating to the North-West Frontier Province.

IRRIGATION.

		Revenue (Receipts <i>less</i> Working expenses).	Expenditure (including Capital expenditure charged to Revenue).	Net expenditure.
1928-29	.	9.40	22.25	12.85
1929-30	.	9.96	29.98	20.02
1930-31	.	4.83	35.56	30.73
1931-32	{ Budget	13.75	22.10	8.35
	{ Revised	9.39	21.61	12.22
1932-33	Budget	1.86	4.32	2.46

26. The Budget excludes the revenue and expenditure relating to the North-West Frontier Province.

POSTS AND TELEGRAPHS.

	Accounts, 1928-29.	Accounts, 1929-30.	Accounts, 1930-31.	1931-32.		Budget, 1932-33.
				Budget.	Revised.	
INDIAN POSTS AND TELE- GRAPHS DEPARTMENT.						
GROSS RECEIPTS . . .	11,08.65	11,29.49	10,77.66	10,96.05	10,70.03	11,50.78
WORKING EXPENSES—						
India	10,87.58	11,18.65	11,27.52	11,37.78	11,02.70	10,63.04
England	7.80	7.45	7.61	7.53	9.80	8.70
Exchange	.01	.06	.10	..	.7	...
TOTAL .	10,94.84	11,26.16	11,35.23	11,45.26	11,13.57	10,71.7
NET RECEIPTS .	8.81	8.83	—57.37	—49.21	—42.54	78.99

	Accounts, 1928-29.	Accounts, 1929-30.	Accounts, 1930-31.	1931-32.		Budget, 1932-33.
				Budget.	Revised.	
INDIAN POSTS AND TELE- GRAPHS DEPARTMENT—contd.						
EXPENDITURE CHARGED TO REVE- NUE—						
Interest	62·65	65·78	76·13	86·98	86·35	95·18
NET REVENUE	-53·84	-62·45	1,33·49	-1,38·19	-1,28·89	-16·19
CAPITAL OUTLAY CHARGED TO RE- VENUE—						
India	13·12	11·67	13·06	10·50	10·39	6·07
England	..	..	..	..	..	..
Exchange	..	..	..	..	..	..
TOTAL	13·12	1·67	13·06	10·50	10·39	6·07
CAPITAL OUTLAY NOT CHARGED TO REVENUE—						
India	46·40	2·25	53·62	29·70	29·20	23·15
England	9·67	5·78	88	3·43	·46	..
Exchange	·02	·05	·01	..	..	..
TOTAL	56·09	84·08	54·51	33·13	29·66	23·15
INDO-EUROPEAN TELEGRAPH DEPARTMENT.						
GROSS RECEIPTS—						
India	15·27	11·81	9·47	..	..	..
England	13·63	14·02	11·92	..	..	..
Exchange	·03	·18	·16	..	..	..
TOTAL	28·93	25·96	21·55	..	..	..
WORKING EXPENSES—						
India	28·67	26·02	23·15	..	..	..
England	1·66	1·76	1·32	..	..	..
Exchange	..	·01	·02	..	..	..
TOTAL	30·33	27·79	24·49	..	..	..
NET RECEIPTS	-1·40	-1·83	-2·94	..	..	..
EXPENDITURE CHARGED TO RE- VENUE—						
Interest	5·37	5·52	6·09	..	..	..
NET REVENUE	-6·77	-7·35	-9·03	..	..	..
CAPITAL OUTLAY CHARGED TO REVENUE—						
India	·44	-·33	-·26	-54·99	-58·55	..
England	·05	·04	·04	..	..	..
Exchange	..	..	..	..	..	..
TOTAL	·49	-·29	-·22	-54·99	-58·55	..
CAPITAL OUTLAY NOT CHARGED TO REVENUE—						
India	-3·62	-2·16	-1·07	53·76	54·40	..
England	·88	1·14	-58·53	4·41	3·55	..
Exchange	..	·01	-·59	..	·02	..
TOTAL	-2·76	-1·01	-58·19	58·17	57·97	..

27. The Indo-European Telegraph Department as such has ceased to exist from the 1st March 1931. The figures in revised represent adjustments connected with the final winding up of the Department.

28. Except in one respect, explained below, the recommendations of the Posts and Telegraphs Accounts Enquiry Committee have not been taken into account in these estimates as the Government of India have not reached a final decision in regard to one of the most important of the recommendations, namely, the institution of the Depreciation Fund with an initial opening balance of 8.25 crores equivalent to the amount of the accrued depreciation on the 1st April 1925. A change has, however, been made, according to the recommendation of the Committee in the percentage calculation of the pensionary liability of the Department. This is now charged on a basis of 7.5 per cent. instead of 8.2 per cent. as formerly.

29. At the time of the Supplementary Budget in September last, the deficit in the working of the department was estimated at 1.48. The Supplementary Finance Act provided for an increase in inland postal rates of 50 per cent. over existing rates and this, together with retrenchments and cuts in pay and certain other measures for increasing revenue, was expected to reduce the loss in working to 92 in the current year and 20 in the next. The present estimates show a worseness of 37 in Revised and a betterness of 4 in Budget. The deterioration in Revised is due partly to normal revenue having proved lower than anticipated, and partly to the gain from the new measures being less because they were introduced at dates later than were assumed in the Supplementary Budget.

30. The annual loss in the working of the Department since it was commercialised is given below :—

	Current.	Progressive.
	Loss—	Profit+.
1925-26	+37.03	+37.03
1926-27	+10.25	+47.28
1927-28	—26.15	+21.13
1928-29	—53.83	—32.70
1929-30	—62.45	—95.15
1930-31	—1,33.49	—2,28.64
1931-32 (Revised)	—1,28.89	—3,57.53
1932-33 (Budget)	—16.19	—3,73.72

The figures are, however, inclusive of the loss on the non-commercial activities of the Wireless Branch, which is shown below :

1928-29	5.24
1929-30	6.86
1930-31	8.19
1931-32 (Revised)	8.40
1932-33 (Budget)	6.73

INTEREST RECEIPTS.

	Accounts, 1930-31.	Budget, 1931-32.	Revised, 1931-32.	Budget, 1932-33.
India				
Interest on loans and advances	82.25	90.82	94.39	99.22
Interest on advances to railway companies charged to capital	16.65	5.48	8.61	..
Other items	9.07	.22	8.81	.23
England				
Interest on temporary investment of cash balances, etc.	14.38	3.31	28.69	20.67
Excess over £40 millions in the Gold Standard Reserve	2,08.83	1,35.48	25.60	60.00
Transfer from Gold Standard Reserve	4.50	53.68	58.00	..
Revenue Equalisation Fund	2.75	..	.79	..
Exchange				
TOTAL	3,38.43	2,91.99	2,24.89	1,80.12

31. The large decrease under the head "Excess over £40 millions in the Gold Standard Reserve" in the Revised as compared with the Budget of the current year is due mainly to the substitution of gold for sterling securities in the Reserve, but depreciation of securities held in the Reserve has been a contributory factor in the reduction of interests receipts under this head. In the Budget for 1932-33 allowance has been made for a small increase in the amount of sterling securities in the Reserve. The transfer from the Gold Standard Reserve Revenue Equalisation Fund in the current year will exhaust the balance in that Fund and nothing will be available for transfer in 1932-33.

INTEREST PAYMENTS.

	Accounts, 1930-31.	Budget, 1931-32.	Revised, 1931-32.	Budget, 1932-33.
<i>Interest on Ordinary Debt—</i>				
Gross payments—				
India	21,75·19	22,35·49	24,19·79	25,78·36
England	19,66·85	21,13·99	20,75·48	20,16·53
Exchange	24·76	..	14·52	..
Total	41,66·80	43,49·48	45,09·79	45,94·89
<i>Deduct—Amounts charged to—</i>				
Railways	31,34·05	32,21·28	31,90·19	32,33·43
Irrigation	12·66	12·87	12·81	2·70
Posts and Telegraphs	83·68	88·77	87·79	96·62
Other heads	21·37	24·42	24·39	24·77
Provincial Loans Fund	6,54·87	6,95·00	7,26·00	8,14·02
Total deductions	39,06·63	40,42·34	40,41·18	41,71·54
Net	2,60·17	3,07·14	4,68·61	4,23·35
<i>Interest on other Obligations—</i>				
Bonus on Post Office Cash Certificates	2,00·00	2,10·00	2,06·00	2,20·00
Post Office Savings Bank Deposits	1,04·43	1,06·42	1,08·05	1,13·55
Provident Funds	2,92·99	3,17·83	3,10·72	3,42·33
Service Funds	12·32	13·06	13·03	13·52
Fixed Deposits of Provin- cial Governments	22·25	17·25	6·50	3·50
Famine Relief Fund	16·06	16·13	15·65	15·47
Railway Reserve Fund	57·71	16·35	14·11	..
„ Depreciation Fund	74·55	1,08·00	81·57	85·15
Posts and Telegraphs Depre- ciation Fund	10·80	12·43	12·93	15·02
Other items	76·30	74·42	76·25	78·62
Total	8,67·41	8,91·89	8,44·81	8,87·16
Total Interest payments	11,27·58	11,99·03	13,13·42	13,10·51

INTEREST ON ORDINARY DEBT.

32. Details of payments of Interest on Ordinary Debt will be found in the volume of Demands for Grants. The payments are, as usual, affected by the nature and extent of the ways and means operations.

33. The increase in the gross payments of interest on Ordinary Debt in India in the Revised is due almost wholly to the larger amount estimated to be paid on account of Discount on treasury bills, about 4,71 against 2,80 originally provided for. The estimate is based on the progress of actuals up-to-date and on the assumption that the treasury bills outstanding with the public and in the Paper Currency Reserve at the end of the current year will be 55,38 and 49,28 respectively against 55,38 and 5,89 at the beginning of the current year. As regards payments in England, the saving in Revised is due to the moratorium granted by the Imperial Government coincident with the Hoover moratorium. The saving is reduced by the increase in provision for interest on 1933-34 Bonds, the issue of which was not foreseen at the time of the Budget.

34. It has been assumed in the Budget, 1932-33, that the treasury bills outstanding at the end of the year will be 7,51 less than at the beginning and that new loans will be raised in India and England to the amounts of the maturing debt during the year in the two countries respectively. The Budget includes 25 for service of a new loan in India and 56 for a new loan in England. The provision for discount on treasury bills in Budget is 6,01.

INTEREST ON OTHER OBLIGATIONS.

35. The decrease in Revised in the provision for interest on Railway Depreciation and Reserve Funds as compared with the Budget for the current year represents a larger withdrawing of those balances to meet the deficit in the working of Railways. The saving in interest payments on balances of Provincial Governments placed in fixed deposit with the Central Government reflects the deterioration in the revenue position of those Governments which have had in consequence to draw heavily on their balances. Interest on provident fund balances is calculated at 5 per cent. per annum in Revised current year and at 5½ per cent. in Budget. Interest on Depreciation and Reserve Fund balances is calculated at 5.70 per cent. in both years, which is the rate assumed in the estimates for the calculation of interest chargeable to commercial departments on advances for capital outlay.

36. The total net interest charges have varied as follows in recent years:—

Actuals, 1923-24	.	.	.	.	.	.	.	.	.	15,97
„ 1924-25	.	.	.	.	.	.	.	.	.	14,90
„ 1925-26	.	.	.	.	.	.	.	.	.	13,37
„ 1926-27	.	.	.	.	.	.	.	.	.	11,77
„ 1927-28	.	.	.	.	.	.	.	.	.	10,57
„ 1928-29	.	.	.	.	.	.	.	.	.	10,20
„ 1929-30	.	.	.	.	.	.	.	.	.	10,85
„ 1930-31	.	.	.	.	.	.	.	.	.	11,28
Revised, 1931-32	.	.	.	.	.	.	.	.	.	13,14
Budget, 1932-33	.	.	.	.	.	.	.	.	.	13,11

37. While there was a steady reduction from 1923-24 to 1928-29, there has been an increase since the latter year. This is explained partly by the

variations in the Government's borrowing rate and partly also by the fact that insufficient provision had been made in the past in respect of the liability for bonus payments on cash certificates. The deficits in 1930-31 and 1931-32 have also contributed to the increase in those years. The following table makes the position clear :—

Year.	Approximate borrowing rate in India.	Balance held at close of the year on account of cash certificates.	Bonus paid or provided for from revenue.
1923-24	6 per cent.	8,42	28
1924-25	5½ "	13,12	16
1925-26	5½ "	20,96	16
1926-27	4½ "	26,68	16
1927-28	4½ "	30,70	23
1928-29	5 "	32,30	60
1929-30	5½ "	35,00	73
1930-31	6½ "	38,43	2,00
1931-32	6½ "	44,43	2,06
1932-33		49,43	2,20

APPROPRIATION FOR REDUCTION OR AVOIDANCE OF DEBT.

38. Under the scheme of debt redemption adopted by the Government of India for the five years 1925-26 to 1929-30, the annual charge against the revenues of India for the purpose of making provision for the reduction or avoidance of debt consists of—

(a) a sum of 4 crores, and

(b) such additional sum as is equal to one-eightieth of any excess shown in the total of the debt outstanding on the 31st of March of the preceding year over the total outstanding on the 31st March 1923, sterling debt being converted into rupees at Rs. 15 per £ for this purpose.

It has been decided that, pending further consideration of the scheme along with the Railway Convention, provision from the year 1930-31 onwards shall be made on the same lines, except that, for the purposes of (b) above, sterling debt is converted into rupees at Rs. 13½ per £.

39. On this basis, the estimates for the two years work out as follows :—

	(In lakhs of rupees, sterling amounts being converted at Rs. 13½ per £.)		
	31st March 1923.	31st March 1931.	31st March 1932.
Rupee Debt exclusive of Treasury Bills in the Paper Currency Reserve	3,61,42	4,72,62	4,78,08
Sterling Debt	3,23,51	4,50,11	4,41,82
Unfunded Debt	62,56	1,46,71	1,56,59
Capital value of the liabilities undergoing redemption by way of Terminable Railway Annuities	81,75	67,09	64,96
	<u>8,29,24</u>	<u>11,36,53</u>	<u>11,41,45</u>

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(In lakhs of rupees, sterling amount being converted at Rs. 13½ per £.)

31st March 1923. 31st March 1931. 1st March 1932.

Deduct—

Discount included above but separately provided for	7,32	18,78	16,59
Advances to Provincial Governments other than those representing pre-Reform Irrigation debt	24,89	89,22	1,02,36
	<u>32,21</u>	<u>1,08,00</u>	<u>1,18,95</u>
NET	7,97,03	10,23,53	10,22,50
Excess over outstanding debt on 31st March 1923		2,31,50	2,25,47
½ th of above		2,89·38	2,81·84
Add basic provision		<u>4,00·00</u>	<u>4,00·00</u>
TOTAL		<u>6,89·38</u>	<u>6,81·84</u>

40. These figures include the following specific items :

	Revised, 1931-32.	Budget, 1932-33.
Sinking fund provision for 5 per cent. rupee loans	1,79·07	1,78·39
Capital portion of railway annuities	2,14·49	2,20·40
Railway sinking funds	26·85	26·67
TOTAL	<u>4,20·41</u>	<u>4,25·46</u>

41. The sums provided from revenue on this account from year to year are indicated below:—

1923-24	3,62
1924-25	3,78
1925-26	4,97
1926-27	4,97
1927-28	5,04
1928-29	5,42
1929-30	5,74
1930-31	6,14
1931-32	6,89
1932-33	6,82

The reduction in the provision for the next year is due to the fact that a large part of the capital resources in the current year was found from the issues of treasury bills to the Paper Currency Reserve, which are excluded from the amount of debt for the purposes of calculation under the Debt Redemption Scheme.

CIVIL ADMINISTRATION.

		Revenue.	Expenditure.	Net expenditure.
1928-29		1,00·93	11,43·51	10,42·58
1929-30		1,16·59	12,65·91	11,49·32
1930-31		96·87	13,33·80	12,36·93
1931-32	{ Budget	1,03·45	13,06·36	12,02·91
	{ Revised	95·09	12,32·40	11,37·31
1932-33	Budget	90·11	9,64·93	8,74·82

42. The fall in revenue in Revised as compared with Budget, 1931-32, is distributed over all the heads comprised in this group. The further reduction in Budget next year is due to the exclusion of the receipts in the North-West Frontier Province.

The reduction in expenditure is due to retrenchments and cuts in pay and is fully explained in the memorandum dealing with retrenchment. Budget excludes 97 on account of expenditure in the North-West Frontier Province.

CURRENCY AND MINT.

		Revenue.	Expenditure.	Net revenue.
1928-29		2,88·33	71·62	2,16·71
1929-30		2,73·69	74·21	1,99·48
1930-31		1,24·30	96·96	27·34
1931-32	{ Budget	63·34	78·71	—15·37
	{ Revised	1,85·25	1,04·01	81·24
1932-33	Budget	3,31·17	70·02	2,61·15

43. The estimates of revenue under this group depend largely upon the transactions connected with the securities in the Paper Currency Reserve.

and are subject to wide fluctuations. The receipts on account of the profit on note circulation included in the estimates are :

	Revised, 1931-32.	Budget, 1932-33.
(i) Interest on rupee securities	16.98	16.98
(ii) Discount on treasury bills issued to the Paper Currency Reserve	1,48.74	2,86.96
(iii) Interest on loans against internal bills of exchange or on the issue of currency against Government securities purchas- ed temporarily from the Imperial Bank of India and placed in the Reserve	9.32	10.83
	<u>1,75.04</u>	<u>3,14.77</u>

The revised estimate of expenditure in the current year includes 31 lakhs on account of so-called loss on circulation of nickel and bronze coin. It represents approximately the difference between the face value and the metal value of the large amount of coin which has returned from circulation.

CIVIL WORKS.

44. In order to avoid confusion in comparison with earlier years, the grant to the Road Fund which is included for budgetary purposes under Civil Works is shown separately.

					<i>Ordinary.</i>		
					Revenue.	Expenditure.	Net expenditure.
1928-29					17.04	1,54.78	1,37.74
1929-30					22.65	1,60.40	1,37.75
1930-31					27.15	1,64.59	1,37.44
1931-32 { Budget					24.85	1,40.28	1,15.43
1932-33 { Revised					23.40	1,22.68	99.28
1932-33 { Budget					26.79	80.19	53.40
<i>Appropriation to Road Fund.</i>							
1928-29							4.50
1929-30							97.87
1930-31							98.03
1931-32 { Budget							1,01.00
1932-33 { Revised							1,00.00
1932-33 { Budget							1,14.00

The large reduction in ordinary expenditure in Budget, 1932-33, is the result of retrenchment and the elimination of provincial expenditure on Civil Works in the North-West Frontier Province. Expenditure on Civil Works in the North-West Frontier for 1931-32 is estimated at 37. The Budget includes a small amount of 2 for completion of works hitherto borne on the Delhi Capital project and transferred to the revenue head owing to the decision of Government to close the capital project with effect from the 1st April 1932. It also includes about 14 of maintenance expenditure previously borne by the New Delhi Capital head.

MISCELLANEOUS.

					Revenue.	Expenditure.	Net expenditure.
1928-29					89.47	4,05.93	3,16.46
1929-30					95.62	4,45.65	3,50.03
1930-31					95.64	4,30.07	3,34.43
1931-32 { Budget					73.89	4,08.92	3,35.03
1932-33 { Revised					1,58.33	4,20.06	2,61.73
1932-33 { Budget					66.87	4,00.09	3,33.22

45. The larger Revised Estimate of revenue compared with the Budget is due to gain by exchange transferred from the deposit head "Exchange on Remittance account"—*vide* paragraph 50 below.

The increase in the Revised Estimate of expenditure as compared with the Budget for the current year represents larger payments on superannuation allowances and pensions and new expenditure on Conferences and Committees. These are counterbalanced by savings under Stationery and Printing charges due to the exercise of strict economy. The position regarding expenditure in the next year is explained in the retrenchment memorandum. As under certain other heads, Budget excludes provincial expenditure in the North-West Frontier Province amounting to 9.

EXTRAORDINARY ITEMS.

	Accounts, 1930-31.	1931-32.		Budget, 1932-33.
		Budget.	Revised.	
Receipts—				
India	51.00	..	8.00	1.08
England	47.58	30.44	7.58	22.83
Exchange	.62	..	.05	..
TOTAL	99.20	30.44	15.63	23.91
Payments—				
India	15.62	.25	9.75	19.86
England	..	..	.40	2.24
Exchange	..	..	..	..
TOTAL	15.62	.25	10.15	22.10

46. The Indian credits in Revised represent the refund by the Military Department of past savings in the grants for the expansion of the Territorial Forces. The receipts in England are on account of reparations. It has been assumed in the Budget for 1932-33 that there will be a resumption of such receipts at the expiry of the 12 months' moratorium from July 1931.

47. The payments in Revised and Budget mainly represent charges incurred on retrenched personnel. It has been decided to record the expenditure incurred on this account as follows :

	Head of Account.
(i) Leave and Travelling allowances (in the civil departments other than commercial departments).	Extraordinary payments.
(ii) Pensions (in the civil departments other than commercial departments).	Superannuation Allowances and Pension.

(iii) Gratuities (in the civil departments other than commercial departments).	Capital head—Payments to Retrenched Personnel.
(iv) Leave and Travelling allowances in the Posts and Telegraphs Department and civil commercial departments.	Working expenses under the respective Major head concerned.
(v) Pensions ditto .	Superannuation allowances and pensions (charges for pensionary liability will be recovered and accounted for as usual).
(vi) Gratuities ditto .	Capital head—Payments to Retrenched Personnel.

EXCHANGE.

Credit +, Debit —.

[illegible]

49. The procedure for the allocation of exchange gains and losses was as follows. All exchange gains and losses arising out of remittance transactions were recorded in the first instance under a suspense head; the portion attributable to the revenue and capital accounts of outlay incurred in England was calculated every month on the basis of the average of the daily telegraphic transfer rates from Calcutta on London and transferred to these accounts, while the portion relating to the expenditure of Provincial Governments was similarly debited to the Provincial Governments concerned. It was intended that it should remain for consideration with reference to the circumstances of each year, whether the balance remaining under the suspense head after these transfers had been made, should be written off to revenue or kept in suspense against the possibility of opposite results in succeeding years.

50. The balance at the credit of the deposit head on the 31st March 1931, has been adjusted partly by the writing off of credits that arose from mere book keeping transactions and partly by transfer of the balance to another suspense head against losses outstanding on certain other accounts. From the 1st April 1931, the net credit or debit under the deposit head resulting from the year's transactions will be transferred to the revenue account at the end of each year as a miscellaneous item of revenue or expenditure.

The transactions in the current year are expected to be as follows :—

Gross gain on remittance transactions.	--	55
Add transfers to		
Revenue	25	
Capital	2	
Provinces	3	
		30
Total gain transferred to the revenue account		85

SUBVENTION TO THE NORTH-WEST FRONTIER PROVINCE.

51. With effect from some date in April 1932, the North-West Frontier Province will be made into a Governor's Province and an annual subvention of 1,00,00 will be given to the Province to cover the revenue deficit. The details of estimated Provincial revenue and expenditure of the province in 1932-33 are as follows :

<i>Revenue.</i>	
Land Revenue	19.73
Excise	8.55
Stamps	9.50
Forest	7.50
Registration	.67
Irrigation	9.77
Interest	.80
Civil Administration	5.81
Civil Works	.55
Miscellaneous	3.39
	66.27

Expenditure.

	India.
Land Revenue	3.29
Excise	1.01
Stamps	.16
Forest	7.19
Registration	.14
Forest Capital outlay	.08
Irrigation	13.79
Interest on Debt	.55
Reduction or Avoidance of Debt	1.17
Civil Administration	95.38
Civil Works	29.15
Miscellaneous	8.58
	1,60.49
Expenditure in England	3.00
	1,63.49

52. Save in a few places, these figures follow what would have been the budget figures had the administration remained under the Central Government. The main departures from this position are an extra 2.30 provided under General Administration for the new machinery—Legislature, Minister, etc.—of the new province, and full provision made under Civil Works for the transfer of Roads and Buildings, as recommended by the North-West Frontier Province Subjects Committee, from the Military Engineering Services to an augmented local Public Works Department.

53. On these figures the balance arrived at is :—

Expenditure	1,63.49
Receipts	66.27
	97.22

While on the one hand a certain further amount of retrenchment remains to be done in the existing expenditure heads and should be carried out, the province will, on the other, have to face the growth of expenditure due to yearly increments of pay and the cost of the restoration in 1933 of the cut in pay. The subvention has accordingly been fixed at the round figure of 1,00 to be operative for three years, or until the new constitution for India is inaugurated, whichever is earlier.

54. In addition, an initial balance of 10 will be placed at the disposal of the province. About $1\frac{1}{2}$ of this represents the depreciation fund of the local press, while a further 3 is specifically for new buildings required at the initiation of the new regime. The rest will constitute a cash reserve partly to be utilised for meeting unforeseeable liabilities.

55. The North-West Frontier Province Subjects Committee recommended a basic subvention figure of 1,17 to operate for five years. That Committee however recognised that its basic figures for the main sources of provincial revenue would require modification. On the other side of the account it used expenditure figures based on past actuals, and thus assumed a standard of expenditure unaffected by the comprehensive campaign of retrenchment now being operated in all parts of India both Central and Provincial. The difference of 17 between the figures is almost entirely explained by these two factors, although at the same time there were a few technical errors in the Committee's figures which have now been corrected.

56. The North-West Frontier Province Subjects Committee also listed a large number of projected schemes of expansion involving recurring and non-recurring expenditure, which it presumed would be taken into account by the Government of India at the time of determining the amount of the subvention. In the present state of the finances of India and of the world it is impossible for either the Central Government or any Provincial Government in India to contemplate embarking on an ambitious programme of expanding activities, and it has had to be recognised that these could find no place in a subvention which is to operate at the most for the next three years.

57. In order to meet the position brought about by the impossibility of inaugurating the new province from the 1st of April it has been necessary to split up the 1,00 subvention for 1932-33 into two parts, viz.:—

18 likely to be disbursed direct by the Government of India in the early part of April ;

82—the balance to be made over to the North-West Frontier Province.

Also a provision of 2 (with a corresponding receipt item) has had to be made for virtually giving back to the province the revenue likely to be collected in the early part of April.

WAYS AND MEANS.

HOME TREASURY.

58. The bulk of the payments made in England on account of the Government of India consist of expenditure chargeable to the Indian revenues and has normally to be met by direct remittance of funds from India. The capital outlay on the construction of railways, however, sometimes necessitates heavy borrowing and a large portion of the money required has, when necessary, been raised in England, either direct or through the agency of Companies. Operations connected with the Gold Standard and Paper Currency Reserves, and with the replacement of one particular form or item of direct or indirect debt by another, further swell the receipts and charges of the Home Treasury without affecting ordinarily the general ways and means programme. Recoveries are also effected by the Secretary of State against drawings of the Iraq administration on India. These recoveries represent, in effect, remittances from India to finance the Home Treasury and reduce the amount of direct remittances which would otherwise be necessary.

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59. The following is a summary of the estimated transactions of the Home Treasury :—

[In millions of £.]

	Budget, 1931-32.	Revised, 1931-32.	Budget, 1932-33.
RECEIPTS.			
1. Discount on loans raised in previous years brought to account as debt incurred	·40	·40	·30
2. Remittances between England and India—			
(a) Recoveries on account of drawings by Iraq administration on India	·56	·64	·60
(b) Other transactions	·77	·75	·48
3. Deposits and Advances	..	—·54	·12
Total Receipts, excluding direct remittances and loans	1·73	1·25	1·50
DISBURSEMENTS.			
4. Excess of Expenditure of the Central Government over Revenue	27·27	27·17	26·30
5. Disbursements on behalf of Provincial Governments	3·45	3·13	2·81
6. Capital Expenditure not charged to Revenue—			
(a) Outlay on State Railways	2·44	2·03	1·13
(b) Other items	·08	·05	·01
7. Discharge of Permanent Debt	16·53	16·60	7·86
8. Discharge of Floating Debt	4·05	4·05	..
TOTAL DISBURSEMENTS	53·82	53·03	38·11
NET DISBURSEMENTS	52·09	51·78	36·61
Remittances from India (net)	33·30	44·25	24·50
New Loan (less discount)	18·57	13·01	6·00
Reduction (+) or increase (—) of cash balance	+·22	—5·48	+6·11
Opening Balance	4·85	5·56	11·04
Closing Balance	4·63	11·04	4·93

BUDGET FOR 1932-33.

60. Item 2 (a) has already been explained in paragraph 58. Normally, item 2 (b) relating to 'Other transactions' is almost entirely made up of recoveries from the Governments of Hong-Kong, the Straits Settlements and Siam in respect of opium supplied from India under agreement, the other indirect remittances to and fro practically balancing one another.

61. The amount shown under the head 'Discharge of Permanent Debt' includes the provision for railway sinking funds and the capital portion of railway annuities. These payments are made out of the provision for reduction or avoidance of debt—*vide* paragraph 40.

62. The remittance programme, as estimated, is as follows :—

	(In millions of £.)	
	Revised, 1931-32.	Budget, 1932-33.
Purchase of Sterling	35.25	24.50
Transfers through Gold Standard Reserve	23.05	..
Less Sale of Sterling	14.05	..
	<u>44.25</u>	<u>24.50</u>

The programme for next year is only illustrative. The actual amount of remittance must, like the form, necessarily depend upon circumstances.

63. The sterling debt incurred in 1931-32 is as follows :—

Month of issue	Form of issue.	Nominal amount. £	Issue price per cent.	Cash received.. £
May 1931	6 per cent. Bonds, 1933-34	10,000,000	100	10,000,000

In addition to this, £3.01 being proceeds of £3.12 million out of the £12 million 5½ per cent. India Stock 1933-38, issued in February 1931, were actually realised in the year 1931-32.

INDIA.

64. The following is a summary of the estimates of ways and means in India during 1931-32 and 1932-33 :—

(In crores of rupees.)

	Budget, 1931-32.	Revised, 1931-32.	Budget, 1932-33.
RECEIPTS.			
1. Excess of Revenue of the Central Government over Expenditure charged to Revenue	36.37	22.56	37.22
2. Unfunded Debt incurred—			
(a) Post Office Cash Certificates (net)	4.00	6.00	5.00
(b) Savings Bank deposits (net)	5.55	3.73	6.55
3. Appropriation for reduction or avoidance of debt	6.78	6.89	6.82
4. Railway Reserve and Railway and Posts and Telegraphs Depreciation Funds	1.28	—3.92	.90
5. Post Office Cash Certificate Bonus Fund	.10	.16	..
6. Miscellaneous Deposits and Remittances (net)	.55	—3.85	—43
TOTAL RECEIPTS	<u>54.63</u>	<u>31.57</u>	<u>56.06</u>

	Budget, 1931-32.	Revised, 1931-32.	Budget, 1932-33.
DISBURSEMENTS.			
7. Capital Expenditure not charged to Revenue—			
(a) State Railways	8.20	5.65	2.65
(b) Posts and Telegraphs	.83	.33	.23
(c) Delhi	.24	.11	..
(d) Other items	.76	.81	1.26
8. Permanent Debt discharged (net)	8.03	11.49	16.49
9. Floating Debt discharged (net)	..	—43.39	7.51
10. Loss on revaluation, sale, transfer, etc., of assets of the Paper Currency Reserve (net)	..	7.05	..
11. Loans by the Central Government—			
(a) To Provincial Loans Fund	6.29	13.12	11.65
(b) Other Loans	1.21	.98	.26
12. Remittances between England and India—			
(a) Remittances from India for financing Home Treasury	44.40	59.00	32.67
(b) Drawings by the Iraq administration recoverable in England	.75	.85	.80
(c) Other transactions (net).	1.02	1.00	.63
13. Balances of Provincial Governments	—1.39	—1.89	—4.77
TOTAL DISBURSEMENTS	70.34	55.61	69.38
NET DISBURSEMENTS	15.71	24.04	13.3
New Loan	15.00	16.95	14.50
Reduction (+) or increase (—) of cash balance	+ .71	+ 7.09	—1.18
Opening Balance	12.75	17.28	10.19
Closing Balance	12.04	10.19	11.37

65. The estimates of Provincial Governments' transactions—*vide* items 11 (a) and 13—are based on the assumption that the net drawings from the Central Government in India and England, including those in the shape of advances through the Provincial Loans Fund, will be 15.41 crores in the current year and 10.62 crores in the next.

66. The result of the current year's rupee loan, which was 6½ per cent. Treasury Bonds 1935 issued at par, is summarised below :—

(In lakhs of rupees.)

Subscriptions in cash	14.91
Subscriptions in the form of 6 per cent. 1931 Bonds	2.04
Total nominal value	16.95

BUDGET FOR 1932-33.

67. The amount of the new loan now estimated for next year has been shown separately at 14·5 crores.

68. The balances of treasury bills have been taken in the estimates as follows :—

	(In crores of rupees.)		
	31st March 1931.	31st March 1932.	31st March 1933.
With the public . . .	55·38	55·38	47·87
In the Paper Currency Reserve . . .	5·89	49·28	49·28

69. The figures relating to India's debt have been given in Appendix II. The balance of total interest-bearing obligations not covered by interest-yielding assets, cash, and bullion on the 31st March 1932 shows an increase of 18½ crores over the balance on the 31st March 1931. Neglecting various balancing items, this increase may be attributed to the deficit of 13·66 crores in 1931-32 and also to the book loss, on the sale of silver, which is placed at 7 crores (*vide* item 10). Government, in their capacity as currency authority, have actually strengthened their position by the sale of silver as they have obtained liquid assets in exchange for assets which were frozen, but as the silver in the form of rupees was valued in the Paper Currency Reserve at Re. 1 per standard tola, the sale involved either a decrease in the note circulation or an increase in the rupee securities in this Reserve corresponding to the difference between the bullion value and the currency value of the rupees sold. In either case, the net effect on the ordinary Government accounts was an increase in the unproductive debt. For this reason, the increase in the current year in the balance of interest-bearing obligations not covered by the assets mentioned does not represent any real deterioration in the debt position except to the extent of the revenue deficit.

A. F. L. BRAYNE.

The 7th March 1932.

The 29th March 1932.

APPENDIX I.

Memorandum on the Military Estimates for 1932-33.

The Military Estimates for 1932-33 have been prepared in the same form as those for 1931-32. These follow a cash system of estimates and accounts which was re-adopted in 1927-28 in place of the elaborate system of cost accounts which was previously in force.

2. The Inchcape Committee, after their exhaustive examination of every aspect of military administration, recommended that the net budget for 1923-24 should be fixed at Rs. 57½ crores, subject to such addition as would be necessary on account of the delay which must necessarily ensue in carrying out the proposed changes, and in order to meet special expenditure in Waziristan, etc. In their final review of military expenditure, they envisaged further large automatic savings and they considered that, in subsequent years, expenditure would be susceptible of reduction to Rs. 57 crores and ultimately to Rs. 50 crores provided a further fall in prices took place. The expenditure in the year 1923-24 showed an actual reduction to Rs. 56·23 crores, largely due to the rapidity with which retrenchments were effected under the orders of His Excellency the Commander-in-Chief; and thus the first stage of Rs. 57 crores mentioned by the Retrenchment Committee was passed in the first year.

3. On the basis of this recommendation the Government of India adopted as their policy a progressive reduction of military expenditure. The actual expenditure in 1923-24 and succeeding years is shown in the following table :—

	Crores of rupees.
1923-24	56·23
1924-25	55·63
1925-26	56·00
1926-27	55·97
1927-28	54·79
1928-29	55·10
1929-30	55·10
1930-31	54·30
1931-32 (Budget)	52·00
1931-32 (Revised)	51·76
1932-33 (Budget)	46·74

These figures may seem to indicate that the Government of India were not very successful, until the end of the period, in enforcing their policy of a

progressive reduction of expenditure, but such an inference would be hardly correct. In the first place, since the Inchcape Committee reported certain charges, amounting in the aggregate to about 50 lakhs, have been debited to the Military Estimates which were formerly charged to other heads; the more important of these are Customs duties (27 lakhs) and Printing and Stationery charges (18 lakhs). Moreover, in 1925 it was necessary, following on a revision of pay of British Army officers in the United Kingdom, to revise the pay of Army officers in India at an increased cost of 50 lakhs. Thus the expenditure figure of 56 crores in 1925-26 and 1926-27 included a crore of unavoidable expenditure of which the Inchcape Committee had not taken account. In the second place, from 1928-29 onwards the true progress of normal expenditure is to some extent obscured by the stabilisation of the budget in that year. This reference to the stabilisation of the budget requires some explanation.

4. When the Inchcape Committee held their enquiry, the imperative need was an immediate and large reduction of expenditure in every field. The military expenditure, for reasons already explained, was still swollen by abnormal charges and had not come down to the new peace level. It was therefore probably inevitable that the cuts recommended by the Committee took the form of rough and ready axing rather than of scientific pruning. The immediate reduction in 1923-24 to 56.23 crores was substantially greater than even the Inchcape Committee had anticipated and as the years went on the evil effects of the somewhat indiscriminate retrenchment became apparent. In 1927-28 things came to a head and the Government of India found themselves in a dilemma. On the one hand the equipment of the Forces had fallen and was progressively falling below modern standards; it was estimated that an outlay of about 10 crores within the next few years was required to put the Army and Air Force into a condition in which they could be regarded as up-to-date Forces in terms of the policy accepted by Government and endorsed by the Legislative Assembly. On the other hand, the finances of India were such that the Government of India could not contemplate an increase of military expenditure. The eventual solution was a decision to stabilise the military budget for a period of 4 years at an annual figure of 55 crores in the hope that on that figure and within that period the military authorities, with permission to utilise savings which they might make, would be able to complete the 10 crores programme. This arrangement lasted for the two years 1928-29 and 1929-30. Then a deterioration in the general finances of India led to modification of the arrangement with the result that the budget allotment dropped to 54 1/5 crores in 1930-31 and 52 crores for 1931-32. With each drop the period of stabilisation was extended by one year. The idea underlying this modification was, while securing a gradual reduction of military expenditure, to provide as far as possible the same amount for carrying out the special programme, though spread over a longer period. The reduction in 1931-32 included not only this modification but also a further arbitrary cut of 1.73 crores to assist in balancing the revenue and expenditure of the Government of India as a whole. The present position is that up to the end of the financial year 1931-32 it has been found possible to provide, under the stabilisation arrangement as modified from time to time, 7 crores towards carrying out the special 10 crores programme.

5. It will now be convenient to indicate the progress during the period of stabilisation of the expenditure on "standing charges", that is, the normal expenditure on maintenance excluding the special programme. When the figure of 55 crores was adopted in 1927-28 as the stabilised budget figure the standing charges were estimated at 54 crores. The following table shows

in parallel columns for each of the 4 years of the stabilisation period the total budget provision and the expenditure on standing charges :—

	Total Budget (in crores.)	Standing charges (in crores.)
1928-29	55·00	53·84
1929-30	55·00	52·56
1930-31	54·20	52·39
1931-32	51·90	50·27 (estimate).

It will be seen that in the course of the 4 years the expenditure on standing charges has fallen by more than 3½ crores. This is due partly to the fall in commodity prices, partly to the gradual replacement of British other ranks on the old rates of pay by men on the Anderson rates, and partly to the effects of the economy campaign which was initiated by the military authorities in 1928-29 as one of the conditions of the stabilisation arrangement. It should be mentioned that as an offset against the savings due to the abnormally low prices of Indian food grains in 1930-31 and 1931-32 the figures of standing charges for those years include extraordinary expenditure in dealing with the Civil Disobedience movement, operations against the tribes on the North-West Frontier and the Burma rebellion. The total of these extraordinary charges in the two years is about 1½ crores.

6. In the preceding paragraphs the recent history of military expenditure has been brought down to the current financial year. In this year the financial situation necessitated yet another retrenchment campaign. All departments of Government were called upon to co-operate in reducing expenditure and at the same time retrenchment committees were set up consisting mainly of members of the Indian Legislature. The military authorities and the Army Retrenchment Sub-Committee have been working in close collaboration and as a result of the various measures adopted H. E. the Army Member has been able to accept for 1932-33 a budget figure of 46·65 crores, a reduction of 5·25 crores below the figure for 1931-32. The budget figure excludes the allotment for expansion of Territorial Force which in 1932-33 is 9 lakhs.

7. The following table shows how the reduction of expenditure is made up. The figure of reduction is 5·50 crores, since in addition to working down to a standing charge of 46·65 crores it has been necessary to find an additional 25 lakhs, to cover expenditure on certain unavoidable new measures such as the pay of staff, etc., of the "Indian Sandhurst". The savings of 5·50 crores are made up as follows :—

	Crores of rupees.
From the emergency cut in pay	1·40
From postponement of further progress with the special programme of re-equipment	1·00
From measures classified as retrenchment schemes	3·10
Total	5·50

A brief explanation is given of each of these three items.

8. The pay cut falls into two parts—the cut on British other ranks and the cut on other personnel, military or civil, paid from the military estimates. The cut on British other ranks follows the cut imposed by His Majesty's Government and consists of a 10 per cent. reduction on the pay of all men who are still on the old, or pre-Anderson, rates of pay. The cut on other personnel follows the emergency cut imposed by the Government of India on Government servants generally.

9. The saving due to postponement of further progress with the special programme of re-equipment has been put at one crore because that is the amount allotted to the programme in 1931-32 out of normal current revenue. Practically no provision has been made for programme expenditure in 1932-33 beyond a small amount in the Military Works budget required for the completion of works already in progress.

10. The amount of 3·10 crores taken as the saving from retrenchment schemes represents the results of the campaign carried out this year by the military authorities and the Retrenchment Committee. The saving is the ultimate saving expected after all terminal charges are paid off: the budget is being framed on the basis of expenditure during the 18 months from October 1931 to March 1933 and it is hoped that the terminal charges payable during the financial year 1932-33 will be covered by the savings effected in the financial year 1931-32 on economy measures which it has been found possible to introduce at once. The Army Retrenchment Sub-Committee adjourned at the end of September 1931 leaving certain fields of expenditure still unsurveyed. They have now resumed their enquiry and are surveying those fields: further recommendations may therefore be expected. In anticipation of the Committee's final report, however, the military authorities have already effected such economies as they consider possible, and it is not considered probable that the further recommendations of the Sub-Committee will indicate additional sources of saving which will materially affect the estimates for 1932-33. A detailed statement showing how the recommendations of the Army Retrenchment Sub-Committee have been carried out has been prepared by the Army Department and forms part of the Budget papers furnished to the members of the Legislature.

11. The following is a brief summary of the main points affecting the major heads of the estimates. The variations in detail will be found described against each head in the volume of detailed estimates.

Part A-I.—Pay and allowances and Miscellaneous cash expenditure on the Fighting Services.

(In thousands of Rs.)					
			Gross Expenditure.	Receipts.	Net.
Actuals, 1930-31	.	.	18,94,76	12,02	18,82,74
Budget, 1931-32	.	.	18,69,62	16,58	18,53,04
Revised, 1931-32	.	.	18,54,45	18,65	18,35,80
Budget, 1932-33	.	.	17,55,48	10,93	17,44,55

This most important head in the Army Estimates records the pay and other cash charges in the fighting units constituting the Standing Army in India.

The decrease in estimates for 1932-33 as compared with the Budget for 1931-32 is due mainly to retrenchments, emergency pay cuts, smaller provision for pay of officers (other than emergency cut) based on actuals, effect of replacement of British soldiers on higher rates of pay by men on lower rates and smaller payments of marriage allowances and allotments partly counterbalanced by terminal charges in connection with retrenchments and smaller receipts. The receipts in 1931-32 included a non-recurring credit representing India's share of the surplus in the Army, Navy and Air Force Insurance Fund.

The decrease as compared with the revised for 1931-32 is due to the effect of retrenchments, emergency pay cuts operating for the full year and smaller provision for unemployment insurance—the payment in 1931-32 includes arrears for 1930-31—partly counterbalanced by provision for terminal charges in connection with retrenchments and smaller receipts.

12. Part A-II.—Administrative Services.

(In thousands of Rs.)

	Gross Expenditure.	Receipts.	Net.
Actuals, 1930-31	7,10,46	11,20	6,99,26
Budget, 1931-32	7,31,74	12,23	7,19,51
Revised, 1931-32	7,07,52	12,98	6,94,54
Budget, 1932-33	6,52,58	12,01	6,40,57

The main charges compiled under this head are pay and allowances of the personnel of the Administrative Services.

The decrease in budget for 1932-33 as compared with that for 1931-32 is the result of retrenchments, emergency pay cut, smaller reserves for special measures partly counterbalanced by provision for the Military Academy, Dehra Dun, increased provision for Supply and Mechanical Transport Services owing to an under-estimate in 1931-32, larger contribution for services rendered by the Survey of India, and terminal charges in connection with retrenchments.

The decrease as compared with the revised for 1931-32 is due to retrenchments, emergency pay cut operating for the full year partly counterbalanced by provision for the Military Academy, Dehra Dun, and increased contribution to the Survey of India.

13. Part A-III.—Manufacturing Establishments.

(In thousands of Rs.)

	Gross Expenditure.	Receipts.	Net.
Actuals, 1930-31	3,01,53	1,79	2,99,74
Budget, 1931-32	3,21,00	68,76	2,52,24
Revised, 1931-32	2,92,61	68,21	2,24,40
Budget, 1932-33	2,73,24	73,25	1,99,99

Under this head are recorded the expenses of Medical Store Depots, Bakeries, Butcheries, Ordnance and Clothing Factories, Grass Farms and Dairy Farms which are all treated as producing and manufacturing formations in the Army.

BUDGET FOR 1932-33.

The decrease in the budget for 1932-33 as compared with that for 1931-32 is due to retrenchments, emergency pay cuts and smaller production charges in Grass and Dairy Farms.

The decrease as compared with the Revised Estimate, 1931-32, is due to retrenchments and emergency pay cuts operating for the full year.

14. *Part A-IV.*—Army Headquarters, Staff of Commands, etc.

(In thousands of Rs.)

	Gross Expenditure.	Receipts.	Net.
Actuals, 1930-31	2,19,06	17	2,18,89
Budget, 1931-32	2,16,96	54	2,16,42
Revised, 1931-32	2,10,43	55	2,09,88
Budget, 1932-33	1,90,04	55	1,89,49

The decrease in the budget for 1932-33 as compared with the budget and revised for 1931-32 is due to retrenchments and emergency pay cuts.

15. *Part A-V.*—Purchase and Sale of Stores, Equipment and Animals.

(In thousands of Rs.)

	Gross Expenditure.	Receipts.	Net.
Actuals, 1930-31	5,67,06	1,59,41	4,07,65
Budget, 1931-32	4,87,06	1,26,87	3,60,19
Revised, 1931-32	4,58,32	1,38,12	3,20,20
Budget, 1932-33	4,22,84	1,28,52	2,94,32

The decrease in the budget for 1932-33 as compared with that for 1931-32 is due chiefly to retrenchments and postponement of the special re-equipment programme partly counterbalanced by an anticipated increase in prices of food grains.

The decrease as compared with the revised for 1931-32 is due chiefly to retrenchments and postponement of re-equipment programme partly counterbalanced by smaller receipts for stores supplied to other Governments, etc., and to rise in prices of food grains.

16. *Part A-VI.*—Special Services.

(In thousands of Rs.)

	Gross Expenditure.	Receipts.	Net.
Actuals, 1930-31	4,44	18	4,26
Budget, 1931-32	11	1	10
Revised, 1931-32	21,08	2	21,06
Budget, 1932-33	9	1	8

The charges ordinarily compiled under this head are for the extra expenditure incurred on troops on the Tibet Frontier.

The actuals, 1930-31, represent mostly the direct cash expenditure on the operations in the North-West Frontier. The revised for 1931-32 similarly represents mostly expenditure in connection with the Burma rebellion.

17. *Part A-VII.*—Transportation, Conservancy, Hot Weather Establishments and Miscellaneous Charges and Receipts.

(In thousands of Rs.)

	Gross Expenditure.	Receipts.	Net.
Actuals, 1930-31 . . .	3,31,67	36,52	2,95,15
Budget, 1931-32 . . .	3,24,93	24,84	3,00,09
Revised, 1931-32 . . .	3,27,18	27,99	2,99,19
Budget, 1932-33 . . .	3,13,17	26,07	2,87,10

The decrease in the estimate for 1932-33 as compared with the budget for 1931-32 is due mainly to retrenchment measures, elimination of provision for renewal of telegraph mobilisation stores, smaller sea transportation charges and contribution to His Majesty's Government towards the military expenditure of Aden partly counterbalanced by increased provision for rail charges as a result partly of increase in rates and terminal charges.

The decrease as compared with the revised, 1931-32, is due mainly to retrenchments.

18 *Part A-VIII.*—Non-effective charges and receipts.

(In thousands of Rs.)

	Gross Expenditure.	Receipts.	Net.
Actuals, 1930-31 . . .	8,51,88	1,08,59	7,43,29
Budget, 1931-32 . . .	8,43,12	95,72	7,47,40
Revised, 1931-32 . . .	8,49,18	97,53	7,51,65
Budget, 1932-33 . . .	8,40,57	77,78	7,62,79

The increase in budget for 1932-33 as compared with that for 1931-32 is due to decrease in receipts; there were arrear receipts in England from His Majesty's Imperial Government and other Departments in 1931-32 and provision for terminal charges in connection with retrenchments partly counterbalanced by elimination of provision in India for commuted value of pensions under military rules owing to the decision to finance such payments outside revenue. These payments will in the first instance be charged to a capital head which will be relieved by equated payments charged to revenue in subsequent years and to cost of living cuts in pensions. The increase as compared with the revised, 1931-32, is due to smaller receipts and provision for terminal charges in connection with retrenchments, partly counterbalanced by elimination of provision for commuted value of pension under Military rules and cost of living cuts in pensions.

19. *Total Part A.*

(In thousands of Rs.)

	Gross Expenditure.	Receipts.	Net.
Actuals, 1930-31 . . .	48,80,86	3,29,88	45,50,98
Budget, 1931-32 . . .	47,94,54	3,45,55	44,48,99
Revised, 1931-32 . . .	47,20,77	3,64,05	43,56,72
Budget, 1932-33 . . .	44,48,01	3,29,12	41,18,89

20. *Part B.—Auxiliary and Territorial Forces.*

(In thousands of Rs.)

	Gross Expenditure.	Receipts.	Net.
Actuals, 1930-31 . . .	90,20	26	89,94
Budget, 1931-32 . . .	91,03	20	90,83
Revised, 1931-32 . . .	93,71	30	93,41
Budget, 1932-33 . . .	84,36	25	84,11

The decrease in budget for 1932-33 as compared with that for 1931-32 is due to retrenchments, emergency cuts in pay, smaller provision for expenditure on expansion of Territorial Force.

The decrease as compared with the revised, 1931-32, is due to retrenchments, emergency pay cut operating for the full year and smaller expenditure on Territorial Forces. The revised provided for a refund of Rs. 8 lakhs to general revenues, being the unspent balance of allotments in previous years for expansion of the Territorial Force.

21. *Part C.—Royal Air Force.*

(In thousands of Rs.)

	Gross Expenditure.	Receipts.	Net.
Actuals, 1930-31 . . .	2,48,86	2,84	2,46,02
Budget, 1931-32 . . .	2,22,12	1,56	2,20,56
Revised, 1931-32 . . .	2,11,01	2,96	2,08,05
Budget, 1932-33 . . .	1,59,57	1,66	1,57,91

The decrease in the budget for 1932-33 as compared with the budget and revised for 1931-32 is due to retrenchments, emergency cut in pay and smaller provision for re-equipment of Royal Air Force Squadrons as the programme of re-equipment is nearing completion.

22. *Total Army.*

(In thousands of Rs.)

	Gross Expenditure.	Receipts.	Net.
Actuals, 1930-31 . . .	52,19,92	3,32,08	48,86,94
Budget, 1931-32 . . .	51,07,69	3,47,31	47,60,38
Revised, 1931-32 . . .	50,25,49	3,67,31	46,58,18
Budget, 1932-33 . . .	46,91,94	3,31,03	43,60,91

23. *Marine.*

(In thousands of Rs.)

	Gross Expenditure.	Receipts.	Net.
Actuals, 1930-31 . . .	50,41	21,99	68,42
Budget, 1931-32 . . .	84,22	14,82	69,40
Revised, 1931-32 . . .	73,12	3,29	69,83
Budget, 1932-33 . . .	67,45	2,42	65,03

The decrease in the estimate for 1932-33 as compared with the budget and revised for 1931-32 is due to retrenchments and emergency cut in pay. The gross expenditure and receipts in revised, 1931-32 and budget, 1932-33, show considerable variation as compared with the budget, 1931-32. Provision of Rs. 1½ lakhs was made in the Budget for 1931-32 under expenditure for the construction of a sloop. As this expenditure was to be met by transfer of funds from the Kidderpore Dockyard Suspense Account a corresponding sum was provided on the receipt side also. It was decided, however, in the course of the year to postpone the construction of the sloop. The revised, 1931-32 and budget, 1932-33, do not, therefore, allow for any provision on this account either on the expenditure or on the receipt side.

24. *Military Engineer Services.*

				(In thousands of Rs.)		
				Gross Expenditure.	Receipts.	Net.
Actuals, 1930-31	.	.	.	4,94,41	43,93	4,50,48
Budget, 1931-32	.	.	.	4,55,66	56,68	3,98,98
Revised, 1931-32	.	.	.	4,65,01	36,00	4,29,01
Budget, 1932-33	.	.	.	3,32,57	46,60	2,85,97

The decrease in the estimate for 1932-33, as compared with the budget for 1931-32, is due to retrenchments and emergency cuts in pay.

The difference as compared with the revised, 1931-32, is due to retrenchments, emergency cuts in pay operating for the full year, non-provision for extra expenditure in connection with the Burma rebellion, and larger receipts. Revised, 1931-32, provides for no receipts by transfer from the Land Sales Suspense Account, while the budget allows for a credit of Rs. 10 lakhs from this account.

25. *Transfers to or from Military Reserve Fund.*

				(In thousands of Rs.)		
				Gross Expenditure.	Receipts.	Net.
Actuals, 1930-31	.	.	.	24,15	..	24,15
Budget, 1931-32	.	.	.	..	28,76	—28,76
Revised, 1931-32	.	.	.	18,98	..	18,98
Budget, 1932-33	.	.	.	..	37,91	—37,91

This head was opened as a result of the stabilisation of military budget estimates whereby any savings in one year may be transferred to a suspense head for utilisation in a future year. The saving is charged to military expenditure by credit to a suspense account "Military Reserve Fund" and when the money is taken out in a future year to meet expenditure the "Military Reserve Fund" is debited and the Military Estimates are credited.

In the budget for 1931-32 a credit of Rs. 28.76 lakhs from the "Military Reserve Fund" was allowed for but owing to introduction of certain retrenchment measures in 1931-32 it was not necessary to utilise this credit. It is anticipated that at the end of the current year a sum of Rs. 18.98 lakhs will be transferred to the "Military Reserve Fund". This, however, is not a free balance of savings but consists largely of amounts earmarked to cover the cost of specific commitments.

In the estimate for 1932-33 a credit of Rs. 37.91 lakhs has been taken by transfer from the "Military Reserve Fund".

26. Statements are appended to this Memorandum which give actual and estimated gross and net expenditure figures from 1928-29 under Army, Marine, Military Engineer Services, Transfers to or from Military Reserve Fund and also the totals.

27. If Honourable Members desire any further information on the details of the Military Budget, they are invited to obtain it by personal request to the Financial Adviser, Military Finance.

NEW DELHI :
The 7th March 1932. }

A. MACLEOD,
Financial Adviser, Military Finance.

BUDGET FOR 1932-33.

ARMY.

		Actuals, 1928-29.	Actuals 1929-30.	Actuals, 1930-31.	1931-32.		Budget, 1932-33.
					Budget.	Revised.	
EXPENDITURE.							
India—							
Part A.—Standing Army.							
Effective Services.							
Pay and allowances and Miscellaneous cash expenditure of the fighting services	R	16,19,21,337	16,01,33,629	15,49,74,062	15,19,11,000	15,09,64,000	14,15,76,000
Administrative services	R	6,28,77,053	6,43,06,070	6,63,50,325	6,83,62,000	6,64,06,000	6,10,06,000
Manufacturing establishments	R	2,67,80,484	2,44,50,071	3,31,58,975	2,64,64,000	2,59,60,000	2,46,21,000
Army Headquarters, Staff of Commands, etc.	R	1,84,06,467	2,00,98,799	2,06,05,264	2,04,09,000	1,97,03,000	1,76,43,000
Purchase and sale of stores, equipment and animals	R	4,95,20,075	4,81,51,728	4,28,65,000	3,52,71,000	3,50,19,000	3,57,18,000
Special services	R	—25,122	10,793	4,43,055	11,000	21,00,000	9,000
Transportation, conveyance, anti-malarial measures, hot weather establishments and miscellaneous	R	2,51,01,348	2,37,60,886	2,38,52,600	2,24,54,000	2,33,80,000	2,17,63,000
TOTAL—EFFECTIVE	R	34,56,42,442	34,09,13,475	33,27,48,261	32,84,12,000	32,70,77,000	30,53,96,000
Non-Effective Services.							
Non-effective charges	R	3,54,39,935	3,58,06,175	3,65,54,120	3,56,37,000	3,63,11,000	3,52,73,000
Part B.—Auxiliary and territorial forces—Effective	R	50,44,524	70,08,272	90,20,068	91,03,000	93,71,000	84,36,000
Part C.—Royal Air Force							
Effective	R	1,13,46,687	1,07,39,351	1,12,56,647	1,20,24,000	1,03,68,000	98,00,000
Non-Effective	R	23,729	27,756	24,763	60,000	60,000	30,000
TOTAL, PART C	R	1,13,70,366	1,07,67,107	1,12,81,410	1,20,84,000	1,03,68,000	98,30,000
TOTAL INDIA.							
Effective	R	36,50,33,603	35,95,61,098	35,30,24,996	34,95,39,000	34,78,56,000	32,86,33,000
Non-Effective	R	3,64,03,714	3,58,33,931	3,65,78,883	3,56,97,000	3,63,71,000	3,53,03,000
	R	40,04,97,317	39,53,95,029	38,96,03,879	38,52,36,000	38,42,27,000	35,89,36,000
EXPENDITURE.							
England—							
Part A.—Standing Army.							
Effective Services.							
Pay and allowances and miscellaneous cash expenditure of the Fighting Services	£	2,562,189	2,690,392	2,567,613	2,628,825	2,538,075	2,547,900
Administrative services	£	289,858	327,374	314,830	323,400	325,950	314,400
Manufacturing establishments	£	514,218	599,783	524,758	422,700	252,075	202,726
Army Headquarters, Staff of Commands, etc.	£	79,320	96,094	97,529	96,525	100,575	102,075
Purchase and sale of stores, equipment and animals	£	1,020,044	1,210,031	1,038,045	782,025	518,475	267,450
Carried over	{ £	4,766,629	4,929,674	4,562,625	4,254,075	3,783,150	3,434,550
	{ R	40,04,97,317	39,53,95,029	38,96,03,879	38,52,36,000	38,42,27,000	35,89,36,000

ARMY—*concl'd.*

		Actuals, 1928-29.	Actuals, 1929-30.	Actuals, 1930-31.	'1931-32.		Budget, 1932-33.
					Budget.	Revised.	
Brought forward	{	£ 40,04,97,317	39,53,35,020	38,96,08,579	38,52,36,000	38,42,27,000	35,89,35,000
	{	£ 4,765,639	4,939,674	4,562,625	4,254,075	3,783,150	3,434,550
Special services	£	1,256	12	55	...	150	...
Transportation, conservancy, anti-malarial measures, hot weather establishments and miscellaneous	£	606,338	825,150	699,588	750,675	677,850	716,550
TOTAL—EFFECTIVE	£	5,373,123	5,754,843	5,261,268	5,004,750	4,461,150	4,161,100
Non-Effective Services.							
Non-effective charges	£	3,647,947	3,712,131	3,647,509	3,650,625	3,645,525	3,668,800
Part C.—Royal Air Force—							
Effective	£	661,459	934,033	1,000,822	740,100	748,650	439,500
Non-Effective	£	14,800	16,200	19,500	19,500	18,825	20,025
TOTAL, PART C .		676,269	949,233	1,020,323	759,600	767,475	459,525
TOTAL ENGLAND	£	9,097,329	10,416,196	9,959,098	9,414,975	8,874,150	8,269,425
TOTAL ENGLAND	Effective	£ 8,04,61,000	8,91,84,993	8,34,94,540	7,65,98,000	6,94,64,000	6,13,08,000
	Non-Effective	£ 4,88,36,630	4,96,97,621	4,88,93,431	4,89,35,000	4,88,58,000	4,90,51,000
		£ 12,92,97,730	13,88,82,614	13,23,87,971	12,55,33,000	11,83,22,000	11,03,59,000
TOTAL EXPENDITURE	Effective	£ 44,54,94,693	44,67,40,091	43,65,10,536	42,61,57,000	41,73,20,000	38,48,40,000
	Non-Effective	£ 8,43,00,341	8,55,31,553	8,54,72,314	8,46,33,000	8,52,29,000	8,43,54,000
		£ 52,97,95,037	53,42,77,643	52,19,91,850	51,07,69,000	50,25,49,000	46,91,94,000
REVENUE.							
India	Effective	£ 1,77,24,350	1,96,42,373	1,92,35,250	2,17,02,000	2,30,93,000	2,24,58,000
	Non-Effective	£ 17,90,634	28,83,636	26,49,276	18,08,000	19,26,000	19,47,000
	TOTAL	£ 1,95,15,184	2,25,26,008	2,18,84,526	2,35,70,000	2,50,19,000	2,44,05,000
England	£	532,405	758,791	855,998	837,075	678,400	662,350
	Effective	£ 35,62,477	34,36,121	32,03,609	34,57,000	38,85,000	28,67,000
	Non-Effective	£ 36,36,263	66,81,064	83,09,680	77,04,000	78,37,000	56,81,000
	TOTAL	£ 70,98,740	1,01,17,215	1,14,13,289	1,11,61,000	1,17,12,000	86,98,000
TOTAL REVENUE	Effective	£ 2,13,56,837	2,30,78,493	2,24,38,859	2,61,59,000	2,69,78,000	2,63,25,000
	Non-Effective	£ 53,37,097	95,64,730	1,08,58,956	95,72,000	7,53,000	77,78,000
	TOTAL	£ 2,66,13,924	3,26,43,223	3,32,97,815	3,47,31,000	3,67,31,000	3,31,03,000
NET EXPENDITURE	India	£ 38,09,82,138	37,28,09,021	36,77,19,353	36,16,06,000	35,92,08,000	33,45,50,000
	England	£ 12,21,98,080	12,67,65,399	12,09,74,682	11,43,72,000	10,66,10,000	10,16,61,000
	Effective	£ 43,43,07,106	42,58,67,508	41,40,60,677	40,09,78,000	39,03,42,000	35,95,15,000
	Non-Effective	£ 7,89,78,747	7,59,68,822	7,46,13,358	7,50,60,000	7,54,76,000	7,65,76,000
	TOTAL	£ 50,31,81,113	50,16,34,420	48,86,04,035	47,60,38,000	46,58,18,000	43,60,91,000

MARINE.

		Actuals, 1928-29.	Actuals, 1929-30.	Actuals, 1930-31.	1931-32.		Budget, 1932-33.	
					Budget.	Revised.		
EXPENDITURE.								
India	R	53,98,683	61,97,295	61,88,604	54,74,000	44,05,000	39,18,000	
England	£	209,109	229,885	213,969	221,100	318,035	212,028	
	R	27,88,120	30,04,857	28,53,979	29,48,000	29,07,000	28,27,000	
Total Expenditure	R	81,86,803	83,62,152	90,41,533	84,22,000	73,12,000	67,45,000	
REVENUE.								
India	R	13,60,709	14,73,314	21,56,380	14,78,000	3,05,000	2,38,000	
England	£	180	728	3,206	300	1,575	300	
	R	2,397	9,705	42,742	4,000	21,000	4,000	
Total Revenue	R	13,63,106	14,83,019	21,59,136	14,82,000	3,29,000	2,43,000	
NET EXPEN- DITURE.	India	R	40,37,974	27,33,981	40,32,318	39,96,000	40,97,000	36,80,000
	England	R	27,85,723	30,55,152	28,10,187	29,44,000	38,60,000	28,23,000
	TOTAL	R	68,23,697	57,79,133	68,42,405	69,40,000	69,83,000	65,03,000

MILITARY ENGINEER SERVICES.

		Actuals, 1928-29.	Actuals, 1929-30.	Actuals, 1930-31.	1931-32.		Budget, 1932-33.	
					Budget.	Revised.		
EXPENDITURE.								
India	R	4,39,76,008	4,64,76,282	4,69,02,831	4,50,97,000	4,60,05,000	3,77,97,000	
England	£	27,095	33,558	40,377	35,175	37,200	34,500	
	R	3,09,266	4,51,444	5,38,362	4,69,000	4,96,000	4,60,000	
TOTAL	R	4,43,43,874	4,69,27,726	4,94,41,183	4,55,66,000	4,95,01,000	3,32,57,000	
REVENUE.								
India	R	59,60,421	56,82,501	43,93,119	56,68,000	36,00,000	46,00,000	
England	£	...	...	69	...	...	...	
	R	...	...	923	...	...	...	
TOTAL	R	59,60,421	56,82,501	43,92,943	56,68,000	36,00,000	46,00,000	
NET EXPEN- DITURE,	India	R	3,80,19,167	4,07,98,781	3,94,29,000	4,24,05,000	2,81,37,000	
	England	R	3,69,266	4,51,444	5,37,439	4,69,000	4,96,000	4,60,000
	TOTAL	R	3,83,88,453	4,12,45,225	4,50,48,241	3,98,98,000	4,29,01,000	2,65,97,000

TRANSFERS TO OR FROM MILITARY RESERVE FUND.

			Actuals, 1928-29.	Actuals, 1929-30.	Actuals, 1930-31.	1931-32.		Budget, 1932-33.
						Budget.	Revised.	
EXPENDITURE.								
India	.	R	26,06,737	13,41,222	24,15,319	...	18,98,000	...
England	.	R	...	...	...	...	...	...
Total Expenditure	.	R	26,06,737	13,41,222	24,15,319	...	18,98,000	...
REVENUE.								
India	.	R	...	...	...	28,76,000	...	37,91,000
England.	.	R	...	...	...	...	...	...
Total Receipts	.	R	...	...	...	28,76,000	...	37,91,000
NET EXPENDI- TURE.	India	R	26,06,737	13,41,222	24,15,319	-28,76,000	18,98,000	-37,91,000
	England	R	...	...	...	...	...	...
	Total	R	26,06,737	13,41,222	24,15,319	-28,76,000	18,98,000	-37,91,000

TOTAL MILITARY SERVICES: SUMMARY.

			Actuals, 1928-29.	Actuals, 1929-30.	Actuals, 1930-31.	1931-32.		Budget, 1932-33.
						Budget.	Revised.	
EXPENDITURE.								
India	.	R	45,24,82,245	44,94,00,828	44,71,10,623	43,58,07,000	43,65,35,000	39,56,50,000
England	.	£	9,834,133	10,679,919	10,183,444	9,671,250	9,139,375	8,515,950
		R	13,24,55,106	14,33,98,915	13,57,79,262	13,89,50,000	13,17,25,000	11,35,46,000
Total Expenditure	.	R	58,49,37,451	59,08,08,743	58,28,89,865	56,47,57,000	55,82,60,000	50,91,96,000
REVENUE.								
India	.	R	2,68,36,314	2,96,81,823	2,84,32,931	3,36,92,000	2,89,27,000	3,30,94,000
England	.	£	532,585	759,519	859,271	837,375	8,79,075	652,850
		R	71,01,137	1,01,26,920	1,14,56,954	1,11,65,000	1,17,33,000	87,02,000
Total Receipts	.	R	3,39,37,451	3,98,08,743	3,08,89,885	4,47,57,000	4,06,60,000	4,17,96,000
Net EXPENDI- TURE.	India	R	42,58,48,031	41,77,38,005	41,86,77,892	40,22,15,000	40,76,08,000	3,25,56,000
	England	R	13,53,53,963	13,22,71,995	12,43,22,308	11,77,85,000	10,90,92,000	10,48,44,000
	TOTAL	R	55,10,00,000	55,10,00,000	54,30,00,000	52,00,00,000	51,76,00,000	4,74,00,000

APPENDIX II.

Statement showing the interest-bearing obligations of the Government of India, outstanding at the close of each financial year.

	31st March 1923.	31st March 1924	31st March 1925.	31st March 1926.	31st March 1927.	31st March 1928.	31st March 1929.	31st March 1930.	31st March 1931.	31st March 1932.
INTEREST-BEARING OBLIGATIONS.										
<i>India—</i>				(In crores of rupees.)						
Loans (a)	339.83	358.81	370.38	308.29	374.44	372.25	390.78	405.11	417.24	42.70
Treasury Bills in the hands of the public	21.59	2.12	..	..	..	7.59	4.00	36.04	55.88	55.88
Treasury Bills in the Paper Currency Reserve	49.65	49.65	49.65	49.65	41.47	31.94	39.15	29.22	5.89	49.28
Other Obligations—										
Post Office Savings Banks	23.20	24.79	25.64	27.23	29.51	32.67	34.49	37.18	37.03	38.22
Cash Certificates	3.13	8.42	18.12	20.96	26.68	30.70	32.30	35.00	38.43	44.43
Provident Funds, etc.	30.17	39.00	42.39	46.36	51.02	55.82	60.52	65.41	70.38	72.86
Depreciation and Reserve Funds	..	..	9.08	15.45	20.10	25.48	31.09	30.18	21.39	17.51
Provincial Balances (b)	2.86	4.17	4.83	11.87	10.49	10.48	10.43	10.21	6.09	3.82
Total Loans, etc.	411.07	410.58	420.03	417.94	415.01	411.78	433.83	470.37	478.51	527.86
Total Other Obligations	65.36	76.38	95.06	121.87	137.80	155.15	168.83	177.93	173.27	176.84
Total in India	476.43	486.96	515.09	539.81	553.71	566.93	602.66	648.30	651.78	704.70
<i>In England. —</i>				(In millions of £.)						
Loans (a)	222.92	244.53	263.39	266.35	265.09	272.32	283.31	289.03	316.81	314.64
War Contribution	19.71	19.27	18.81	18.32	17.81	17.28	16.72	16.72	16.72	16.72
Capital value of liabilities undergoing redemption by way of terminable railway annuities	61.81	60.10	58.84	57.53	56.19	54.79	53.35	51.86	50.32	48.72
India Bills	..	..	..	..	..	..	..	6.00	4.05	..
Provident Funds, etc.	..04	..18	..16	..21	..27	..19	..43	2.54	4.69	..81
Total in England	303.98	324.03	341.00	342.41	339.36	344.58	353.81	366.15	388.59	380.89
				(In crores of rupees.)						
Equivalent at 1s. 6d. to the Rupee	405.31	432.04	454.93	450.55	452.48	450.44	471.75	488.20	518.12	507.85
Total interest-bearing obligations	881.74	919.00	970.02	896.36	1,006.19	1,026.37	1,074.46	1,136.50	1,169.90	1,212.05
INTEREST-YIELDING ASSETS—										
Capital advanced to Railways	517.22	537.02	578.05	605.61	635.46	668.60	700.69	730.79	748.98	752.33
Capital advanced to other Commercial Departments	19.43	20.07	22.00	17.77	19.16	20.73	21.81	22.70	23.65	25.43
Capital advanced to Provinces	87.49	97.56	106.43	114.60	120.17	126.34	137.52	142.60	151.82	164.96
Capital advanced to Indian States and other interest-bearing loans	8.90	8.98	10.16	11.84	12.11	13.91	15.49	17.65	19.45	20.43
Total interest-yielding assets	633.04	663.58	716.64	749.82	786.90	829.58	875.51	913.74	943.90	963.20
Cash, bullion and securities held on Treasury account	44.80	50.47	57.35	51.06	87.48	24.26	28.34	45.36	34.03	33.37
Balance of total interest-bearing obligations not covered by above assets	203.90	204.95	196.03	194.58	181.81	172.53	170.61	177.40	198.97	215.48

(a) These figures represent the nominal amounts of loans outstanding and also include comparatively small amounts of expired loans which do not bear interest.

(b) The figures represent those portions of provincial balances which bear interest either because they form part of the old Famine Insurance Fund or the present Famine Relief Fund or because they have been placed with the Government of India on fixed deposit.

(c) Includes the liability assumed by the Secretary of State for East Indian Railway Debenture Stock, aggregating £18½ millions, on the termination of the contract with that Railway on the 1st January 1925. It therefore does not represent any increase in the foreign indebtedness of the country as a whole.

(d) Includes 27.07 crores on account of the liability referred to in (c) above.

(e) Includes the liability assumed by the Secretary of State for the Great Indian Peninsula Railway Debenture Stock, aggregating £3½ millions, on the termination of the contract with that Railway on the 1st July 1925. *Vide* also last sentence under (c) above.

(f) Includes 4.58 crores on account of the liability referred to in (e) above.

APPENDIX III.

Statement showing the distribution, as between voted and non-voted, of the gross expenditure of the Central Government as shown in the Budgets presented to the Legislature.

[In lakhs of rupees.]

	1931-32.				1932-33.			
	Voted.	Non-voted.	Total.	Per-centage of voted to total.	Voted	Non-voted	Total.	Per-centage of voted to total.
Expenditure charged to revenue	96,75	1,20,65	2,17,40	45	90,11	1,15,09	2,05,20	44
Expenditure not charged to revenue	13,25	13	13,38	99	5,47	18	5,65	97
Total Expenditure both charged and not charged to revenue.	1,10,00	1,20,78	2,30,78	43	95,58	1,15,27	2,10,85	45

*These figures have been arrived at as follows :—

Expenditure as per Budget Statements	1,85,57	1,27,81
Add—Working expenses of—		
(a) Railway Department	67,18	63,50
(b) Posts and Telegraphs	11,50	10,72
(c) Irrigation	10	2
Add—Refunds	3,05	3,15
	<u>2,17,40</u>	<u>2,05,20</u>

APPENDIX IV.

PRO FORMA ACCOUNT OF EXPENDITURE ON DELHI AND
THE DELHI PROVINCE.

PREFATORY NOTE.

I.—Scope of pro formâ account.

The following *pro formâ* account, with its supporting statements, exhibits the expenditure, initial and annual, on Delhi and the Delhi Province and also any receipts and savings which form a direct set-off to that expenditure. The account has been prepared in consultation with the Auditor General and carries his approval as regards both its form and its substantial completeness at the present date subject to the qualifications implied in the following prefatory remarks.

2. The main item of the account, as regards non-recurring expenditure, is the Delhi project proper, the figures for which appear against item 1 of Part I.—*Initial Outlay*. The principal recurring charge is that representing the expenditure in the new province, which appears as item 1 of Part II.—*Annual Expenditure*.

3. The account necessarily exhibits any expenditure occurring under the named heads, without qualification on account of contributory causes. It must, therefore, be clearly understood that the increase of expenditure, including that in the Delhi Province, is not wholly due to the change of Capital. Thus, an increase of the garrison at Delhi on strategic grounds had been already independently and strongly recommended to the Government of India by the Chief of the General Staff and endorsed by His Excellency the Commander-in-Chief in July 1911, before the transfer of the Capital had been officially proposed, and the construction of the accommodation for the troops already there had long been recognised as pressing. Similarly, the recent advance in the policy relating to education and sanitation, particularly the latter, would, under any circumstances, have involved increased expenditure in the city. For practical purposes, these considerations must be ignored in the figured statements, as well as various similar points of minor pecuniary significance.

II.—Relation between the pro formâ account and the regular accounts.

4. A brief explanation is added below connecting the various items in the *pro formâ* account with the entries in the published accounts and estimates. Some further explanations are also to be found in the account itself and in its supporting statements.

Item 1 of
Part I of
pro formâ
account.

5. The capital expenditure directly incurred on the construction of the new Imperial Capital at Delhi is shown in the regular accounts under the special head "57—Initial Expenditure on the new Capital at Delhi." The only other item of expenditure which will be recorded in the capital section of the regular accounts is that arising from diversions or re-arrangements of the railway system, which will appear under the head "53—State Railways."

Item 3(b),
ibid.

Item 2, *ibid.*

6. The initial expenditure incurred during the years 1911-12 and 1912-13 in connection with the provision of temporary accommodation for the Government of India at Delhi, pending the construction of the new Capital, has been treated, on the advice of the Auditor General, as a revenue charge, under a special minor head styled "Temporary Delhi" subordinate to the major head "41—Civil Works". Any non-recurring receipts which may eventually be obtained in connection with these temporary works, e.g., from the sale of lands and buildings when no longer required by the Government of India, will be similarly credited under a special head subordinate to the major head "XXX—Civil Works".

Item II, *ibid.*

Items 1 and I
of Part II of
pro formâ
account.

7. The remaining expenditure is mainly brought to account in one of two ways: either, first, as expenditure of the new Province; or secondly, as departmental expenditure chargeable to the Department in which it is incurred.

8. The expenditure and receipts appertaining to the *quasi*-provincial administration of the Central area are brought to account in the same way as in the case of other minor administrations. It will be noted that any grants which may be specially given from Central revenues in aid of the Delhi Municipality or other local funds will be brought into the regular accounts and consequently, into the *pro formâ* account also, since they will appear as charges of the Delhi administration.

Items 3 (a)
and III of
Part I of
pro formâ
account.

9. Expenditure which does not appertain to provincial administration, is recorded, as in the case of other provinces, under its appropriate departmental head in the regular accounts. Thus expenditure on the land and buildings required for the new Cantonment, and any corresponding receipts, appear under the heads Army and Military Engineer Services, under both of which a special Delhi sub-head has been opened. Railway capital outlay has already been referred to. Railway revenue charges and receipts similarly come under the Railway account head. In these cases, the *pro formâ* account necessarily exhibits only initial expenditure and non-recurring receipts, as Military expenditure is not being permanently increased and the influence of the new Capital on the ordinary daily receipts and working expenses of the Railways cannot evidently be satisfactorily isolated. This latter consideration also applies to the case of Posts and Telegraphs expenditure, which moreover represents ordinary administrative expenditure of the department, and is relatively insignificant in amount. For these reasons, in the case of this department neither the initial outlay nor the recurring receipts and expenditure have been included.

10. There are also a few items of expenditure and of actual receipt or of definite saving which are not recorded in the accounts of the Delhi Province or in the departmental accounts, but which it is necessary to take into consideration in calculating the expenditure on Delhi and the Delhi Province. Most of these are self-explanatory, but attention may be called to the intended treatment of the sale-proceeds of vacated lands and buildings at Calcutta (if any) and elsewhere. These will be credited under the major heads "XXXV—Miscellaneous" and "XXX—Civil Works", and the *pro forma* account will take credit only for actual Central receipts. No account will be taken, in the statements themselves, of book transactions; or of the considerable savings obtained from the vacation of rented accommodation, i.e., of relief in respect of rental payments which the Local Government obtain by giving up private buildings previously leased for provincial establishments, and moving the latter into offices formerly occupied by the Government of India. Any reference made to such saving will, therefore, be found in an explanatory footnote. [See Part I, Note 5.]

Items 4 to 7
and I and IV
of Part I, and
Items 2 and II
to IV of
Part II of
pro forma
account.
Item I of
Part I.

11. Outlay on stores and all other expenditure incurred in England under a capital head or as a revenue charge, which can be distinguished as appertaining to the construction of Delhi or to the administration of the Delhi Province, have been included in the *pro forma* account.

12. The project estimate for the New Capital at Delhi has been closed with effect from the 1st April 1932. All further expenditure in connection with the Project will be debited to 41—Civil Works. All receipts connected with the project, which are now adjusted by deduction from the Capital head "57" will be credited to XXX—Civil Works with certain exceptions. No financial adjustment will be made in respect of the balances under Suspense Accounts which cannot be cleared by actual adjustment before the accounts for the year 1931-32 are closed. These balances will be treated as additions to the opening balances of Suspense Accounts under the head "41" for the year 1932-33.

PRO FORMA ACCOUNT OF EXPENDITURE ON DELHI AND THE DELHI PROVINCE.

PART I.—INITIAL OUTLAY.

[Figures in thousands of rupees.]

Expenditure.	Actuals to end of 1930-31.	Revised Estimate, 1931-32.	Budget Estimate, 1932-33.	Receipts.	Actuals to end of 1930-31.	Revised Estimate, 1931-32.	Budget Estimate, 1932-33.
1. DELHI PROJECT : Capital outlay on Permanent Delhi chargeable to Head "57" (for details see Statement I-A)	14,63,90	12,22	...	I.—Receipts on account of Central buildings vacated by the Government of India or attached offices in consequence of the move (a)†.	31,90	43	43
2. Temporary Delhi	54,38	...	...				
3. Initial expenditure of non-Civil Departments :— (a) Military services ‡	1,16,11	61	13				
(b) Railways ‡	1,11,62	1,54	35				
4. Non-recurring grant to the Punjab Government in compensation for expenditure incurred on new headquarters buildings for the Commissionership transferred from Delhi	1,36	...	...	II.—Non-recurring receipts on account of Temporary Works	2	...	...
5. Cost of withdrawal to Delhi of Central offices previously located at Calcutta or elsewhere	9,30	38	21	III.—Recoveries on account of land or buildings vacated in the old Cantonment of Delhi‡	...	...	...
6. Special non-recurring monetary concessions to establishments of the Government of India and attached offices on the occasion of their first move to Delhi	10,43	44	57	IV.—Miscellaneous items	5,46	...	...
7. Miscellaneous items §	12,45	63	13				
TOTAL	17,79,49	15,67	1,39	TOTAL	30,38	43	43
Total expenditure to end of 1932-33		17,96,55		Total receipts to end of 1932-33		31,24	
Net expenditure to end of 1932-33		17,65,31					

* NOTE 1.—The head "Temporary Delhi" has been closed from 1st April 1913, subsequent expenditure being treated as part of the expenditure of the Delhi Province—see Part II of Account.

† NOTE 2.—The expenditure included under item 3 (a) is that relating to the formation of the new Cantonment. Its details are as follows :—

	To end of 1930-31.	Revised Estimate, 1931-32.	Budget Estimate, 1932-33.
Acquisition of land	13,20	...	...
Cost of buildings	94,65	60	13
Establishment charges	6,80	1	...
Tools and plant	2,06	...	...
TOTAL	1,16,11	61	1

‡ NOTE 3.—The figures relate to charges for the acquisition of land and outlay on railway facilities at Nausal Raya. They include transactions on account of Delhi New Capital Railway Works.

§ NOTE 4.—The expenditure shown against item 7 represents mainly the proportionate cost of the Office of the Accountant General, Central Revenues, (Audit Staff, Delhi Experiments), and the cost of temporary establishments employed in the Secretariats in connection with the change of Capital.

|| NOTE 5.—These heads record only actual receipts obtained from the sale of the vacated buildings and land. An explained in paragraph 10 of the Prefatory Note, this procedure has the effect of excluding a substantial true saving in respect of rented accommodation. Thus from 1913-14 to 1922-23 the Government of Bengal, by moving their offices into the vacated Central buildings in Calcutta, saved Rs. 7,69,880 partly by being enabled to dispense with private accommodation previously leased, and partly by being relieved from the necessity of renting further accommodation. With effect from 1923-24 rent is being recovered from the Local Government for the occupation of the Central buildings at Calcutta and the receipts are being shown under head I.

(a) Includes Rs. 19 lakhs on account of value of premises No. 3, Kollaghat Street sold to E. R. Railway and Rs. 29,000 on account of rent receipts.

PRO FORMÁ ACCOUNT OF EXPENDITURE ON DELHI AND THE
DELHI PROVINCE—contd.

PART II.—ANNUAL EXPENDITURE.

[Figures in thousands of rupees.]

Expenditure.	Actuals, 1930-31.	Revised Estimate, 1931-32.	Budget Estimate, 1932-33.	Receipts.	Actuals, 1930-31.	Revised Estimate, 1931-32.	Budget Estimate, 1932-33.
1. Expenditure of Delhi Province*	97,06	79,13	80,84	I.—Revenue of Delhi Province*	42,66	43,45	49,93
2. Miscellaneous items	...	...	...	II.—Saving under Calcutta house allowances	29	29	30
				III.—Saving under hill journey and travelling allowances and contingencies on account of shorter move of Secretariat and attached offices†.	2,50	3,50	2,50
Total expenditure	97,06	79,13	80,84	IV.—Miscellaneous items	46	45	46
Net expenditure	51,15	34,44	27,65	Total receipts	45,91	46,69	53,19

* NOTE 1.—The details of this item are given in Statement II-A.

† NOTE 2.—The figure shown against item III is a minimum figure calculated once for all on the assumption that all offices or portions of offices which previously moved between Calcutta and Simla have subsequently moved regularly between Delhi and Simla. The actual saving throughout has been large owing to certain establishments which previously moved to Calcutta being retained in Simla throughout the cold weather.

STATEMENT I-A.

Details of Capital outlay on the Delhi Project working up to the total figures shown against item 1 in Part I of *pro forma* account.

[Figures in thousands of rupees.]

Items.	Actuals to end of 1930-31.	Revised Estimate, 1931-33.	Budget Estimate, 1932-33.
A.—Pay and allowances—			
(a) Preliminary Investigation—			
(i) Gazetted Government servants* . .	2,04	...	...
(ii) Non-gazetted Government servants . .	14	...	...
(b) Public Works and Electrical officers employed on the Project—			
(i) Gazetted Government servants* . .	1,21,49	5,06	...
(ii) Non-gazetted Government servants . .	1,05,31	9,07	...
(c) Other officers employed on the Project—			
(i) Gazetted Government servants* . .	6,29	20	...
(ii) Non-gazetted Government servants . .	6,54	24	...
B.—Travelling allowances of Officers and Establishment—			
(a) Preliminary Investigation—			
(i) Gazetted Government servants* . .	23	...	...
(ii) Non-gazetted Government servants . .	2	...	...
(b) Public Works and Electrical officers employed on the Project—			
(i) Gazetted Government servants* . .	10,31	55	...
(ii) Non-gazetted Government servants . .	6,62	42	...
(c) Other officers employed on the Project—			
(i) Gazetted Government servants* . .	80	2	...
(ii) Non-gazetted Government servants . .	63	2	...
C.—Supplies, Services and Contingencies—			
(a) Preliminary investigation	51	...	...
(b) Public Works and Electrical officers employed on the Project	9,59	69	...
(c) Other officers employed on the Project	51	1	...
Total A, B and C	2,71,03	16,28	...
Deduct—Credits from other heads of accounts	77,43	9,82	...
Net total A, B and C (carried over)	1,93,60	6,46	...

*NOTE.—The town planners and other experts are included under this head.

Details of Capital outlay on the Delhi Project working up to the total figures shown against item 1 in Part I of *pro forma* account—*contd.*

[Figures in thousands of rupees.]

Items.	Actuals to end of 1930-31.	Revised Estimate, 1931-32.	Budget Estimate, 1932-33.
Net total A, B, C (brought forward)	1,93,60	6,46	...
<i>D.—Works Expenditure—</i>			
(i) Buildings—			
(a) Government House	1,81,74	5	...
(b) Secretariats	1,84,83	4	...
(c) Other buildings	2,85,09	9,60	...
(d) Legislative Chambers	88,92	7	...
(ii) Communications	31,51	1,25	...
(iii) Miscellaneous Public Improvements	21,84	1,03	...
(iv) Electric Light and Power	66,08	3,10	...
(v) Irrigation	42,17	69	...
(vi) Sanitation including water supply, drainage and sewage	1,21,22	4,44	...
(vii) Purchase of tools and plant	95,10	37	...
(viii) Stock and Suspense	23,05	—1,21	...
(ix) Miscellaneous items	92,41	1,81	...
(x) Maintenance during construction	95,06	1,71	...
(xi) Railway diversion	13,79	...	...
E.—Acquisition of land	34,16	20	...
F.—Other Miscellaneous expenditure	1,92	—1	...
G.—Minus Unallotted Reserve	...	...	...
Deduct—Receipts on Capital Account.	1,08,59	17,38	...
TOTAL	14,63,90	12,22	...

BUDGET FOR 1932-33.

STATEMENT II-A.

Revenue and Expenditure of Delhi and Delhi Province.

[Figures in thousands of rupees.]

RECEIPTS.				EXPENDITURE.			
Major Heads of Account.	Actuals, 1930-31.	Revised Esti- mate, 1931-32.	Budget Esti- mate, 1932-33.	Major Heads of Account.	Actuals, 1930-31.	Revised Esti- mate, 1931-32.	Budget Esti- mate, 1932-33.
I.—Customs	...	...	...	2. Taxes on Income	80	77	92
II.—Taxes on Income . .	10,44	13,47	14,50	5. Land Revenue	58	58	55
IV.—Opium	...	...	...	6. Excise	3,65	3,62	3,53
V.—Land Revenue . . .	3,86	2,68	2,68	7. Stamps	8	8	8
VI.—Excise	6,21	6,50	6,80	8. Forests	7	5	6
VII.—Stamps	6,53	6,69	6,69	9. Registration	4	4	4
IX.—Registration . . .	48	47	47	15. Miscellaneous Irrigation Expenditure	1	1	1
XIV.—Irrigation works for which no Capital Account is kept	1	2	1	22. General Administration . .	3,98	3,62	3,71
XVI.—Interest	20	14	13	23. Audit	27	20	28
XVII.—Administration of Jus- tice	33	33	33	24. Administration of Justice . .	2,47	3,81	4,84
XVIII.—Jails and Convict Settlements	20	14	18	25. Jails and Convict Settlements	1,70	1,67	1,62
XIX.—Police	41	10	4	26. Police	13,69	13,38	12,19
XXI.—Education	57	50	64	28. Ecclesiastical	24	32	23
XXII.—Medical	18	22	24	29. Political	15	12	11
XXIII.—Public Health . .	78	7	7	31. Education	9,73	9,71	8,75
XXIV.—Agriculture . . .	5	5	5	32. Medical	5,23	5,20	4,91
XXV.—Industries	5	8	1	33. Public Health	1,87	1,60	3,24
XXVI.—Miscellaneous Depart- ments	14	43	43	34. Agriculture	60	63	55
XXX.—Civil Works . . .	9,63	9,17	14,62	35. Industries	29	27	27
XXXIII.—Receipts in aid of Superannuation	17	14	14	37. Miscellaneous Departments .	3	3	3
XXXIV.—Stationery and Printing	8	7	7	38. Currency	18	17	18
XXXV.—Miscellaneous . .	2,14	1,84	1,83	41. Civil Works—Delhi Province .	30,44	25,32	25,31
TOTAL	42,86	43,45	49,98	Civil Works—Viceregal Estates, Delhi	4,03	4,40	4,64
				44. Territorial and Political Pen- sions	48	50	50
				45. Superannuation Allowances and Pensions	3,47	3,72	3,72
				46. Stationery and Printing . .	3	3	3
				47. Miscellaneous	3,53	1,31	2,97
				60B. Commuted value of pensions	42	-2,80	-2,80
				TOTAL	97,06	79,13	80,84

Appendix V.

COMMERCIAL AND FINANCIAL STATISTICS.

	1923-24.	1924-25.	1925-26.	1926-27.
	Rs.	Rs.	Rs.	Rs.
Recorded revenue compared with recorded expenditure excluding capital expenditure not charged to Revenue—				
Surplus	2,38,99,758	5,68,25,698	8,31,18,187	..
Deficit	..	..	..	..
Capital Expenditure on Railways and Irrigation works not charged to Revenue.	20,80,11,576	13,46,94,254	19,23,53,255	27,22,07,907
Capital charge involved in the purchase of Railways.	..	..	3,42,73,830	..
Capital outlay on the Posts and Telegraphs Department not charged to Revenue.	75,21,560	1,17,55,881	2,23,54,139	32,59,180
Capital outlay on Light-houses and Light-ships.	..	..	..	..
Capital outlay on Vizagapatam Port and Security Printing not charged to Revenue.	..	..	81,16,871	48,33,320
Payments to Retrenched personnel	..	..	..	..
Initial Expenditure on New Capital at Delhi.	1,54,73,652	1,42,18,868	99,06,184	61,63,117
Commuted value of pensions not charged to Revenue.	..	..	..	23,65,222
Currency Capital outlay	..	..	..	8,66,401
Outlay on Bombay Land Scheme	..	..	..	..
Net Public Debt incurred	17,67,00,540	9,62,96,934	—4,03,60,226	—4,86,34,295
Value of commodities exported, excluding Gold and Silver.	3,63,37,60,000	4,00,24,80,000	3,86,81,20,000	3,11,05,00,000
Value of commodities imported excluding Gold and Silver.	2,37,18,40,000	2,53,36,40,000	2,36,00,10,000	2,40,81,80,000
Excess of Exports over Imports, excluding Gold and Silver.	1,26,19,20,000	1,46,87,90,000	1,50,81,10,000	70,23,20,000
Net Imports of Gold	29,18,70,900	73,92,60,000	34,85,50,000	19,40,00,000
Net Imports of Silver	18,69,80,000	20,07,40,000	17,12,40,000	19,86,80,000
TOTAL NET IMPORTS OF GOLD AND SILVER.	47,88,50,000	94,00,00,000	51,97,90,000	39,26,80,000
Excess of Exports over Imports including Gold and Silver.	78,30,70,000	52,87,90,000	96,83,20,000	30,96,40,000
Net Imports of Currency Notes*	1,64,60,000	8,00,000	(d)—83,00,000	5,20,000
Excess of Exports over Imports including Gold, Silver and Currency Notes.†	76,66,10,000	52,84,90,000	99,16,20,000	30,91,20,000
Council Bills and Purchase of sterling. (j)	21,838,705	40,770,162	46,816,500	2,115,000
Rupee Equivalent thereof . . .	81,45,48,178	66,38,97,524	61,23,87,682	2,81,70,083
Sale of Sterling	..	..	..	1,421,000
Rupee Equivalent thereof . . .	..	..	..	1,92,67,606
Silver coined at the Indian Mints .	60,00,791	33,25,894	30,73,478	50,49,436

*Recorded from

†Represents net

(a) Includes remittances of the

(b) Figures

(c) Net

(d) Net

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FINANCIAL STATISTICS.

1927-28.	1928-29.	1929-30.	1930-31.	1931-32, Revised.	1932-33, Budget.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
..	..	20,83,508	..	..	2,14,84,000
..	31,54,002	..	11,58,44,974	13,65,84,000	..
82,48,48,925	25,33,12,112	30,18,80,476	13,21,14,812	8,33,15,000	4,15,00,000
..	3,99,30,676	..	..	..	..
46,57,947	53,33,185	33,07,339	-3,67,995	37,63,000	23,15,000
..	..	12,821	-12,821	-2,000	..
19,23,440	24,47,840	35,97,772	42,74,927	33,53,000	55,59,000
..	..	..	..	10,00,000	25,00,000
40,57,722	30,64,623	72,72,239	48,26,555	12,22,300	..
44,26,219	36,03,334	38,08,688	42,65,721	33,26,000	40,55,000
12,94,577	8,37,014	63,632	35,474	1,000	4,000
23,74,500	..	..	2,10,37,335	..	..
+2,44,27,984	+31,64,15,740	+50,50,22,284	+40,38,17,953	+39,20,40,300	-11,56,99,000
3,30,26,40,000	3,39,15,10,000	3,18,99,00,000	2,26,50,20,000	(c)1,48,08,20,000	
2,61,52,40,000	2,63,39,80,000	2,40,70,70,000	1,73,09,10,000	(b)1,19,48,90,000	
63,74,00,000	75,75,30,000	69,23,30,000	53,41,10,000	(b)23,59,30,000	
18,10,00,000	21,20,00,000	14,22,10,000	12,75,20,000	(b)(d) -51,24,40,000	
13,93,60,000	9,77,00,000	8,62,10,000	10,07,90,000	(b)(d) -33,70,000	
31,93,00,000	30,97,00,000	22,84,20,000	22,83,10,000	(c)(d) -51,60,10,000	
36,30,40,000	44,78,30,000	46,44,10,000	30,58,00,000	(b)80,19,40,000	
(d)-17,70,000	(d)-2,90,000	(d)-15,30,000	8,10,000	(b)(d) -26,80,000	
36,93,10,000	44,81,20,000	46,59,40,000	30,54,90,000	(b)80,46,20,000	
23,325,000	30,310,000	15,215,000	5,395,000	35,250,000	24,502,500
37,77,30,264	41,02,18,223	20,30,11,720	7,25,74,925	47,00,00,000	32,67,00,000
..	..	..	5,733,626	14,047,304	..
10,15,926	52,96,573	1,30,000	7,74,56,907	19,97,75,019	..
			18,23,532	..	..

April 1922.

exports of gold.

Currency Department,
for eleven months.

imports.

exports.

COMMERCIAL AND

	1923-24.	1924-25.	1925-26.	1926-27.
Maximum price in pence of an oz. troy standard Silver in London.	34 1/16 (3rd and 5th Jan., 13th and 14th Feb.).	36 1/10 (9th Oct.).	33 7/16 (5th Sept.).	30 1/2 (5th May).
Minimum price in pence of an oz. troy standard Silver in London.	30 11/16 (13th July).	31 1/2 (29th Dec.).	30 1/2 (19th and 22nd Mar.).	24 1/2 (20th Oct.).
Average Exchange per rupee upon Secretary of State's Bills sold and sterling purchased.	1s. 4'53d.	1s. 6'023d.	1s. 6'15d.	1s. 6'02d.
Average of the daily telegraphic transfer rates from Calcutta on London.	1s. 4'46d.	1s. 5'51d.	1s. 6'08d.	1s. 5'902d.
Rate of Exchange for the adjustment of transactions betw. en the Indian and Imperial Governments.	1s. 4d., 1s. 4 1/2d., 1s. 4 3/4d., 1s. 5d., and 1s. 6 1/2d.	1s. 4 1/2d., 1s. 5d., 1s. 5 1/2d., 1s. 5 3/4d., and 1s. 6d.	1s. 6d., 1s. 6 1/2d.	1s. 5 1/2d., 1s. 6d., and 1s. 6 1/2d.
Maximum rate of discount on loans on demand at the Imperial Bank of India.	9 (14th Feb. to 31st Mar.).	9 (1st to 9th Apr.).	7 (1st Apr. to 20th May).	7 (19th Feb. to 31st Mar.).
Minimum rate of discount on loans on demand at the Imperial Bank of India.	4 (28th June to 14th Nov.).	4 (31st July to 20th Aug.).	4 (3rd July to 27th Sept.).	4 (10th June to 31st Dec.).
Maximum rate of discount at the Bank of England.	4 (5th July to 31st Mar.).	5 (5th to 31st Mar.).	5 (1st Apr. to 4th Aug. and 3rd Dec. to 31st Mar.).	5 (throughout the year.).
Minimum rate of discount at the Bank of England.	3 (1st Apr. to 4th July).	4 (1st Apr. to 4th Mar.).	4 (2nd Oct. to 2nd Dec.).	--
Maximum Government balance at the Imperial Bank of India. Rs.	29,74,54,000 (20th July).	32,18,07,000 (31st July).	28,96,31,000 (20th May).	36,41,13,000 (July).
Minimum Government balance at the Imperial Bank of India. Rs.	6,22,69,000 (6th Nov.).	7,43,62,000 (31st Dec.).	4,20,57,000 (17th Dec.).	3,85,92,000 (17th Dec.).
Maximum price in Calcutta of 5 per cent. War Loan, 1929-47.	93—10	94—14	97—4	102—6
Minimum price in Calcutta of 5 per cent. War Loan, 1929-47.	87—12	92—14	94—13	99—14
Maximum price in Calcutta of 5 per cent. Income-tax free loan, 1945-55.	98—14	99—8	101—7	110—4
Minimum price in Calcutta of 5 per cent. Income-tax free loan, 1945-55.	93—2	97	98—13	104—9
Maximum price in Calcutta of Government 3 1/4 per cent. Rupee Securities.	63—3 (8th Mar.).	68—6 (10th July).	73—8 (Mar.). (27th)	79—1 (15th Dec.).
Minimum price in Calcutta of Government 3 1/4 per cent. Rupee Securities.	61 (3rd to 5th Apr.).	63—4 (18th Sept.).	67—10 (5th May)	74—6 (1st Apr.).
Maximum price in Calcutta of 3 per cent. Rupee Securities.	57—12 (8th Mar.).	58—10 (10th July).	63—14 (Mar.). (25th)	67—14 (15th to 21st Dec.).
Minimum price in Calcutta of 3 per cent. Rupee Securities.	51—14 (3rd to 5th Apr.).	53—8 (18th Sept.).	57—15 (15th to 18th May)	63—8 (1st and 6th Apr)

FINANCIAL STATISTICS—*contd.*

1927-28.	1928-29	1929-30.	1930-31.	1931-32, Revised.	1932-33, Budget.
27 (6th Dec.)	28½ (21st May).	25½ (2nd and 11th Apr.).	10½ (23rd April)	21½ (10th and 14th Nov.)	
24½ (8th, 11th and 22nd Aug.).	25½ (16th Feb.).	18½ (5th Mar.).	12½ (6th Feb.).	12½ (27th May).	
1s. 5'997d.	1s. 6'02d.	1s. 5'709d.	1s. 5'841d.	1s. 6½d.	
1s. 5'93d.	1s. 5'97d.	1s. 5'85d.	1s. 5'78d.	1s. 5'91d.	
1s. 6d.	1s. 6s.	1s. 6d.	1s. 6d.	1s. 6d.	
7 (1st Apr. to 1st June, 22nd Dec to 31st Mar.).	8 (14th Feb. to 31st Mar.).	8 (1st to 10th Apr.).	7 (1st and 2nd April and 15th Jan. to 31st Mar.).	8 (22nd Sept. to 13th January).	
4 (28th July to 7th Sept.).	5 (19th July to 14th Nov.).	5 (6th June to 9th Oct.).	5 (10th July to 19th Nov.).	6 (28th May to 5th August and 25th February to 31st March).	
5 (1st to 20th Apr.).	5½ (7th Feb. to 31st Mar.).	6½ (26th Sept. to 30th Oct.).	3½ (in April).	6 (21st Sept. to 17th Feb.).	
4½	4½ (1st Apr. to 6th Feb.).	3½ (from 20th Mar.).	3 (from 1st May).	2½ (14th May to 22nd July).	
19,97,33,000 (1st Apr.).	17,20,73,000 (24th Aug.).	20,35,73,000 (28th June).	23,70,44,000 (29th Aug.).	21,26,89,000 (31st July).	
3,05,09,000 (7th Oct.).	3,71,10,000 (6th Apr.).	5,88,61,000 (7th June).	6,94,35,000 (26th Dec.).	6,35,46,000 (4th Dec.).	
101—11	100—8	99—4	95—9	94—14	
100—4	99—2	94—12	94—3	79—0	
108—13	106—11	103—12	101—9	101—11	
105—13	103—4	100	99—4	88—8	
79—5 (29th Apr.)	75—10 (21st and 22nd June).	72—5 (10th May).	68—14 (1st and 2nd April).	63—0 (1st—7th April).	
74—6 (9th Dec.).	71—14 (27th Feb. and 1st Mar.).	63—15 (19th Feb.).	61—5 (3rd Mar.).	51—7 (7th Jan.).	
67—14 (29 Apr.).	64—12 (2nd to 5th Apr., 10th Apr., 14th to 25th June).	61—15 (10th May).	59—1 (1st and 2nd April).	54 (1st—7th April).	
63—14 (8th Dec.).	60—13 (19th to 21st Mar.).	54—13 (19th Feb.).	52—9 (2nd Mar.).	44—1 (7th Jan.).	

COMMERCIAL AND

	1923-24.	1924-25.	1925-26.	1926-27.
Maximum amount outstanding on London Register of Rupee Securities encased for Interest Drafts Rs.	13,29,92,000 (Oct.).	10,20,98,000 (Apr.)	9,48,86,000 (Apr.)	8,59,21,000 (Oct.).
Minimum amount outstanding on London Register of Rupee Securities encased for Interest Drafts Rs.	10,06,94,000 (Mar.).	9,69,36,000 (Mar.).	8,41,90,000 (Mar.).	8,19,29,000 (Sept.).
Maximum price in London of 3½ per cent. Rupee Securities in £	45	49½	54½	57½
Minimum price in London of 3½ per cent. Rupee Securities in £	39	45	49½	54½
Maximum price in London of India 3½ per cent. Stock.	72½	69½	69½	74½
Minimum price in London of India 3½ per cent. Stock.	61½	63	63½	67½
Maximum price in London of India 3 per cent. Stock.	62½	59½	59½	63½
Minimum price in London of India 3 per cent. Stock.	52½	54	54½	57½
Maximum price in London of India 2½ per cent. Stock.	52½	49½	49½	52½
Minimum price in London of India 2½ per cent. Stock.	44½	45	46½	48½
Maximum price in London of 5½ per cent. Stock, 1932.	105	103½	103	104
Minimum price in London of 5½ per cent. Stock, 1932.	99	100	99	101
Maximum price in London of 6 per cent. Stock, 1932-33.	..	..	..	..
Minimum price in London of 6 per cent. Stock, 1932-33.	..	..	..	..
Maximum price in London of 6 per cent. Stock, 1933-34.	..	..	..	..
Minimum price in London of 6 per cent. Stock, 1933-34.	..	..	..	..
Maximum price in London of 6 per cent. Stock, 1933-35.	..	..	..	..
Minimum price in London of 6 per cent. Stock, 1933-35.	..	..	..	..
Maximum price in London of 6 per cent. Stock, 1935-37.	..	..	..	..
Minimum price in London of 6 per cent. Stock, 1935-37.	..	..	..	..
Maximum price in London of 5½ per cent. Stock, 1936-38.	..	..	..	..
Minimum price in London of 5½ per cent. Stock, 1936-38.	..	..	..	..
Maximum price in London of 4½ per cent. Stock, 1950-55.	93	89½	91½	93½
Minimum price in London of 4½ per cent. Stock, 1950-55.	82½	85½	85½	88½
Maximum price in London of 4½ per cent. Stock, 1953-68.	..	..	..	..
Minimum price in London of 4½ per cent. Stock, 1953-68.	..	..	..	..
Maximum Government Paper Currency outstanding. Rs.	1,96,97,61,000 (Jan.).	1,84,10,40,000 (Mar.).	1,93,34,10,000 (Mar.).	2,01,09,29,000 (Sept.).
Minimum Government Paper Currency outstanding. Rs.	1,70,94,80,000 (May.).	1,71,26,07,000 (June).	1,73,23,07,000 (May.).	1,80,01,24,000 (Feb.).
Number of Post Office Savings Banks.	10,535	10,727	11,162	11,094
Number of accounts in Post Office Savings Banks.	2,089,314	2,164,473	2,317,390	2,518,142
Amount deposited in Savings Banks Rs.	24,78,93,170	25,63,94,907	27,23,14,764	29,50,89,541
Average of each deposit Rs.	118.64	118.45	117.50	117.19
Net addition to deposits Rs.	1,58,84,400	85,11,737	1,59,19,857	2,27,74,777

BUDGET FOR 1932-33.

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FINANCIAL STATISTICS—concl'd.

1927-28.	1928-29.	1929-30.	1930-31.	1931-32, Revised.	1932-33, Budget.
8,73,81,000 (Dec.).	9,08,98,000 (July).	8,71,22,000 (Apr.).	8,54,29,000 (May).	8,33,45,000 (April).	
8,09,28,000 (Nov.).	8,23,92,000 (June).	8,41,97,000 (March).	8,34,03,000 (March).	8,24,70,000 (Jany.).	
58	56	58	40½	45½	
55½	52½	47	44½	37	
73½	72½	70	68½	65	
68	66½	55½	55½	41	
63½	62½	60	59½	55½	
59	56½	47	47	34	
52	52½	50½	49	46	
49	48½	40½	40½	29½	
103½	102½	102	103½	101½	
100½	100½	96	96	95	
--	--	--	104 13/16	102½	
--	--	--	99 9/16	90	
--	--	--	(a) --	101½	
--	--	--	--	87	
--	--	--	105½	102 7/16	
--	--	--	99 5/16	87	
--	--	--	103½	102 15/16	
--	--	--	101	87	
--	--	--	--	97½	
--	--	--	--	77	
94½	95½	91½	90	87½	
89½	89½	78	78	55	
--	95	91½	89½	86 9/16	
--	87	77	77	54½	
1,86,28,22,000 (Jan.)	1,92,47,31,000 (Feb.).	1,87,70,73,000 (June).	1,74,14,84,000 (April).	1,82,31,76,000 (February).	
1,69,68,18,000 (June). 12,326	1,77,15,84,000 (June). 12,422	1,77,23,06,000 (Mar.). 12,768	1,60,63,66,000 (Feb.). 12,846	1,46,22,59,000 (September).	
2,606,071	2,020,832	2,304,904	2,477,613		
32,66,63,188	34,49,07,630	37,18,18,870	37,02,59,875		
125·84	170·67	161·10	149·44		
8,16,78,647	1,82,89,492	2,64,06,690	-10,53,495		

(a) According to calendar year.

ANNEXURE
to
Budget for 1932-33.

STATEMENT ON THE FINANCIAL POSITION.

The Honourable Sir George Schuster (Finance Member) : I rise to make a statement on the financial position and on our plans for dealing with it, in somewhat unusual and difficult circumstances. On the one hand it is necessary that we should not delay in restoring equilibrium between revenue and expenditure. On the other hand the foundations on which we have to base our estimates are at the moment fluctuating owing to the changes which have come upon our currency position in the week which has just passed. But the very nature of that change makes it all the more necessary that our internal financial position should be sound—for once a country's currency is cut adrift from the moorings of a stable standard such as Gold, it is particularly necessary to avoid getting into any sort of inflationary position resulting from a failure to balance current expenditure with current revenue. If we can convince the world that our internal budgetary and monetary position is sound, then with our favourable balance of trade we shall be able to preserve confidence in our currency and save the country from those disasters which some Honourable Members who spoke on Saturday professed to apprehend. Therefore we must take immediate steps to ensure clear and solid foundations for our internal position.

But the very fact that the steps must be immediate, creates its own difficulties. In the first place, we have to present to the Legislature an emergency plan with very short notice. I can assure the House that we do this with the greatest possible reluctance. We recognise that Honourable Members may be put to very great inconvenience by any sudden change in plans, but I am sure that they on their side will recognise that we must put the public interests first, and that if the public interests make it imperative to take a certain course of action, Government ought not to hesitate to ask the members of the Legislature to make any sacrifice involved. Nevertheless, when I have said this, I must also add that, so far as it is consistent with what we consider to be our duty as a Government, we will do our utmost to meet the convenience of Honourable Members. And in this respect I should like to say at the outset of my speech that we have taken account of the last portion of the motion of my Honourable friend the Deputy President which was passed by a large majority in this House on Saturday, and that we are prepared to act on the suggestion which emanated from the non-official benches in the course of the debate on that motion.

We have to get through business which we consider to be in the national interest but our desire is to put it through in such a way as best suits the convenience of this House. We very much appreciate the tone and spirit in which Saturday's debate was conducted, and we believe that we can detect in the attitude of the whole House a desire to take a full share of responsibility in the present emergency. That here will be criticism of some of our proposals I cannot doubt, but I believe that it will be fair criticism—and fair and honest criticism we shall always welcome.

Then I come to the second of the difficulties to which I have referred resulting from the necessity for immediate action. It is quite clear that

in present circumstances it is impossible to prepare accurate estimates of what our revenue is likely to be in the next 18 months. The course of the exchange value of sterling and of the rupee is uncertain, while no one can yet foretell what the reactions in the world of England going off the Gold Standard will be. I am sure that I shall be told in debate that in these circumstances it is not fair to come before the country with a programme of taxation ; or that my estimates are unreliable and that I cannot justify the taxes which I am proposing. But I have explained the reasons why we cannot wait, and I would most earnestly appeal to this House, and through them to the country, to respect those reasons. It has seemed to us that the only sound course is to take our estimates as we had been able to foresee them before the events of last week and to put before the House a plan which would produce equilibrium on the basis of those estimates.

Then there is another difficulty, resulting from immediate action, in that we have not yet had time fully to consider the reports of the various Retrenchment Committees and to work out plans based on them. Honourable Members are aware of the circumstances in which these reports have been received. They were formally submitted on Saturday, 19th September. A sub-committee of Council commenced their consideration the very next day—Sunday. Then on Monday we found ourselves landed in the crisis which has been so much before the House in the past week, and further consideration of the reports has therefore been retarded. I shall have to deal with these reports in a later portion of my speech, but I should like to make clear at the outset that we shall approach all these proposals with the firm intention of giving effect to them to the utmost extent possible. I should also like at this early stage to express my great appreciation of the work which has been done by all the Honourable Members who have served on these committees. They have been working like slaves, or, as one Honourable Member put it to me at the last meeting of the main committee, “ like devils ”, and I can assure the House that their labours are appreciated. I have every confidence that as a result of a general scaling down of expenditure which the recommendations of these committees, if carried out, will effect, the finances of the Government of India will be established on a more secure basis than has existed since before the war, and that by these efforts a position will have been produced which will not only make it possible to establish a new Federal Government on a sound foundation, but will leave a margin available for the development of those nation-building services for which the Provincial Governments will mainly be responsible. That, however, is looking to the future, and before we emerge from the dark and tangled jungle of our present difficulties into the clear air and sunlight to which I have cast my imagination forward, we have to accomplish a period of hard and self-sacrificing labour. I will not say unpleasant labour, for, although many of the immediate effects are unpleasant, I will not describe the task as a whole as unpleasant, for it is one which is essentially constructive in its nature, and merely involves self-restraint and determination for the sake of that India which we are serving, and in the hope of better times to come. Let us now address ourselves to the immediate task.

Revenue Prospects.

Tax Revenue.—The returns of the first five months indicate that we shall fall short of our Budget estimates for customs by at least Rs. 10

crores, the heaviest reductions being under cotton piece-goods, sugar, silver, spirits and liquor, excise on motor-spirit, iron and steel and in the jute export duty. As regards income-tax, we expect a deficit of $1\frac{1}{4}$ crores ; while on salt we expect a reduction of about 8 lakhs. This brings the total deficit on tax revenue to 11 crores 33 lakhs.

Commercial undertakings.—As regards the Railways, traffic returns to date show a very disquieting position. Without attempting to give an exact estimate now, we must clearly accept the fact that it will be impossible for the Railways, in spite of all their retrenchment measures, to make any general contribution to the budget until the present economic depression completely passes. At present it looks for the current year at least as if they will not only have to use the whole of the remaining balance of their reserves, now standing at Rs. 525 lakhs, but also to draw further on their depreciation fund to the extent of about Rs. 160 lakhs in order to meet the interest due on Government advances. It is highly important, if possible, to reduce freights on agricultural products at the present time, and, if it could be done, it would certainly be in the public interest to find a method for easing the Railway position through the present period of extreme depression. Whether it will be possible to relieve the Railways in any way so as to enable them to reduce charges remains to be seen ; but, when our taxation proposals are considered, this aspect of the position should be kept in mind. For the present I can only say that we shall not get any Railway contribution this year, and for this reason Rs. 5.36 crores drop out of our budget.

Under Posts and Telegraphs a fall of 18 lakhs is anticipated in revenue, after taking into account additional receipts from enhanced parcel rates and revised scale of fees for insurance of postal articles introduced with effect from the 15th June and 15th August, 1931 respectively. A saving of 6 lakhs is expected under Working expenses, leaving a net deterioration of 12 lakhs. Honourable Members will recollect that we estimated for a Budget deficit of 147 lakhs, so that the position here is extremely unsatisfactory. If the recommendations of the committee presided over by my Honourable friend, Sir Cowasjee Jehangir, for investigating the possibility of adjusting the accounts of the Posts and Telegraphs were accepted, the budget deficit of 147 lakhs would be reduced to 92, but that of course represents merely an adjustment in the Government accounts and no improvement as regards the financial position of the Government as a whole. I shall revert to this matter again.

Finance headings.—Owing to the cancellation of treasury bills in the Currency Reserve and the utilisation of sterling securities in the Reserves for meeting the requirements of the Secretary of State, the receipts under Currency and Interest show a falling off of 34 lakhs.

The emergence of a revenue deficit in our Budget, and in the Budgets of the Provincial Governments, and the replacement of treasury bills in the Currency Reserve by treasury bills in the hands of the public as a result of cancelling redundant currency, have not only increased the amount of our borrowings by treasury bills, but also have been the cause of higher discount rates. The charges for discount on treasury bills have therefore increased by 221 lakhs. A reduction of 12 lakhs is anticipated under Interest on ordinary debt in India on account of operations of the Depreciation Funds. The saving of 56 lakhs (representing one-half year's interest on the outstanding amount of the War Loan liability) realised

from the acceptance of His Majesty's Government's proposal on the principle of the Hoover plan has been partly counterbalanced by the increase of 40 lakhs on interest on the sterling loan of £10 millions raised early in the year.

Owing to the deterioration in the position of Provincial Governments and the Railways, the charge under the heading Interest on other obligations on account of interest on their balances will be reduced by 10 lakhs.

There will be an automatic increase in the provision for Reduction or Avoidance of Debt of 12 lakhs on account of the amount of treasury bills outstanding with the public on the 31st March, 1931, being 10 crores more than was assumed in the budget.

The net result of all these factors is that under the Finance headings our position will be adversely affected to the extent of 2.29 crores.

Under Extraordinary receipts we have to provide for a reduction of 23 lakhs, as under the Hoover plan we shall have to forego 9 months' Reparations receipts. As already noted, however we have, against this, a saving on the interest on our own War Debt of 56 lakhs.

Civil Expenditure.—As regards Civil expenditure we have unfortunately some items which have not been provided for. These include exceptional items such as the loss owing to the heavy return of nickel coin from circulation due chiefly to the prevailing depression. This accounts for no less than 43 lakhs which according to our practice has to be debited to the budget. Then again there is a good deal of expenditure in connection with the Round-Table Conference and the various commissions of enquiry in the North West Frontier Province and elsewhere which have had to be set up in order to carry out recommendations of the last Round-Table Conference. As against these items we shall have some savings in the current year owing to reductions which have been made (apart from the special retrenchment proposals, to which I shall refer later) ; but these will probably not be sufficient to offset the items of deterioration which I have mentioned. On all these heads we feel it necessary to anticipate a deterioration of about 23 lakhs.

To sum up, the total deterioration in our income and expenditure is :

- 11.33 crores in tax revenue,
- 5.48 crores on commercial departments,
- 2.29 crores on general Finance headings,
- .23 crore under Extraordinary receipts,
- .23 crore under other heads including Civil expenditure.

As the budget provided for a small surplus of 1 lakh, on the basis of the present estimates, there will be a net deficit of 19.55 crores.

Prospects for 1932-33.—As far as we can see at present, there seems to be no justification for expecting any large improvement in the budgetary position next year. In fact, income-tax revenue may be considerably less than in the current year. On the other hand, there will be a saving of 48 lakhs in the interest payments on the outstanding amount of our War Loan liability.

I have already dealt with the factors of uncertainty which affect any estimate that we can give at present. But we consider that the only safe

line to take now is to estimate that conditions will not substantially improve at least before the end of the next financial year, and that was must reckon again on a deficit of 19½ crores for 1932-33.

Putting the deficit for the current year and next year together, we have a gap to fill of 39.05 crores. If we are, straight away, to establish a really sound position, we need to devise a plan which will provide us during the remainder of the combined two-year period, either with reductions in expenditure or with increased revenue to fill this gap. That is, indeed a task of extreme difficulty. We have a two years deficit to deal with, but we have only 18 months left during which new measures can operate. Nor is even this period fully available, for although new taxation can be made effective from the beginning, there must be some considerable delay before the full results of our retrenchment plans can be met.

Three lines of action.

This is the position, and the line of action which we have to take to deal with it may be divided into three distinct lines.

First, reductions in expenditure due to more economical organisation of Government departments and restriction of activities.

Secondly, an emergency cut in salaries.

Thirdly, fresh taxation.

Reduction in Expenditure.—I will deal first with reductions in expenditure, and I put this first because Honourable Members know that I have throughout attached primary importance to this line of action. I may say that after the last Budget discussions I registered to myself a Resolution that I would not come before this House and ask them to vote any fresh taxes until I could feel myself to be in a position to satisfy them that we, on the Government side, were going to give effect to the maximum possible measures of retrenchment. In these circumstances I am sure all honourable members will appreciate that if I put forward the whole of our present programme at a time when the Government has not yet completely worked out its retrenchment plans, so that all the details cannot be displayed before the House, I do so only under the compelling hand of necessity. But I would ask them also to appreciate that it is only the details which are lacking, and that we are determined, as I have already said, to approach all these proposals with the firm intention of giving effect to them to the utmost extent possible. Variations in subsidiary matters there must be, and where essential public interests are concerned Government must have time to weigh fully the considerations at stake, but our aim and intention is to adhere as closely as possible to the recommendations of the committees. I hope that before the discussions of our present proposals are finished and before the House is asked to record any final vote as regards new taxation, we shall be able to put before them a more definite and detailed plan. I feel that Honourable Members are entitled to ask for this, and that we have no justification in putting plans for taxation before them except under the most solemn pledge of effecting the maximum reduction of expenditure. I feel no hesitation in taking this line because it is the right line in the public interest. Any improvement that we can effect by way of reduction of expenditure is a

certain improvement ; but any improvement that we seek to make by increasing taxation depends entirely on our estimates being realised, and, in the present conditions, with reduced purchasing power, and when the effects of the reduced gold value of the rupee on imports are still unknown, estimates, particularly of customs revenue, are, to say the least, highly uncertain. Having said this I will turn to a statement of what we expect to achieve by way of retrenchment, and I will be as definite as possible.

As regards Civil expenditure, apart from commercial departments, an enormously preponderating portion falls within the scope of the General Purposes Sub-Committee. The General Purposes Sub-Committee took up first a selected set of subjects which *prima facie* offered the most likely scope for retrenchment. The measures recommended by the Sub-Committee for this portion of the field would produce savings estimated at about 120 lakhs. For my present purposes I am taking as the estimated saving, this figure, reduced by a margin of 20 lakhs, representing what we estimate may be the charge for compensation and recurrent pensions payable in respect of officials whose posts are abolished. Thus we reckon to get a net saving of about a crore on this part of the field. We have also to take into account the grants for those departments (largely the main administrative and revenue-collecting departments) which have not yet been examined by the General Purposes Sub-Committee. Over this part of the field the scope for retrenchment is more restricted. In respect of it we estimate that we shall be able to effect a net saving of about 90 lakhs, including an automatic drop of about 23½ lakhs in the expenditure on Census operations, but taking into account something for compensations, etc. This is only an estimate, and in making it we have anticipated that the sub-committee will be guided by the same principles that they have applied in dealing with other departments. While it is necessary for me to put in some estimated figure for my present purpose, we rely on the help, and recommendations of the General Purposes Sub-Committee in regard to these departments just as much as we have relied on them for those which have already been examined. If they can find economies of greater extent than we have estimated, so much the better. If their final recommendations fall short of our figure, then we shall have that much to make up in some way or other. The difference can hardly be of such magnitude as to effect our general plan, and when I have completed my presentation of the general plan it will I think be clear that there is sufficient margin available.

Recommendations of the other Retrenchment Sub-Committees (other than those for Railways and the Army) indicate measures for improving the Civil position for 1932-33, as compared with the budget for the present year, by a gross sum of about 97 lakhs. Taking into account compensations, etc., we propose to count on a net improvement of 60 lakhs under these grants.

Out of the retrenchment measures to which I have referred we expect to realise savings of about 30 lakhs in the current year.

Military Expenditure.—Now I come to the Army—and before I get to details I must make some general remarks. I have in the past incurred some criticism in this House for venturing to express my appreciation of the helpful way in which I had been met by His Excellency the Commander-in-Chief and his principal staff officers. I am as little anxious as any Member of a Government could be to expose gratuitous targets for attack, but I

should fail in my duty and I might even say in all sense of decency, if I did not take this occasion to express publicly what I feel about the way in which the Army authorities have helped in the past months. I am sure the members of the Army Retrenchment Sub-Committee who are present here to-day will not quarrel with me when I say that they have been impressed with both the efficiency and helpfulness of the Chief Staff officers whom they have seen. To unofficial Members of this House the Army has hitherto been a closed book. It has been fully opened now at least to the members who have been on the Retrenchment Committee. I think that they have been impressed by what they have read in it, and that discussions on the Army will hereafter be conducted in a clearer atmosphere and with better understanding on both sides.

The military authorities have been working throughout in very close touch with their Retrenchment Sub-Committee, and have been examining all possible methods of economy. The great majority of the measures proposed by the Committee have been accepted in principle ; indeed many of them had already been initiated by the military authorities. We have given His Excellency the Commander-in-Chief a free hand as to the methods by which retrenchment should be effected with the minimum loss of efficiency. The Army Retrenchment Committee has not yet explored all parts of the field and estimates have had to be included for the savings here. There is therefore possibly some room for further improvement while some of the measures recommended may lead to greater reductions in future years. For the present the Army authorities guarantee for next year a net reduction of 4½ crores. These reductions, therefore, for which we hope, will produce a net defence budget for 1932-33 of Rs. 47.40 crores, as compared with Rs. 51.90 in the current year, and with the stabilised budget figure, of Rs. 55 crores two years ago.

In mentioning this figure, I must make it clear that :

- (a) It includes a reduction of Rs. 1.75 crores of non-recurring expenditure on the special programme of re-equipment which, though very necessary and important from the point of view of efficiency, His Excellency the Commander-in-Chief has, in view of the present financial crisis, agreed to postpone.
- (b) It does not include any allowance for cuts in officers' pay. I shall deal with the possibilities from this separately.
- (c) It does not include any savings which may accrue from reduction of troops, except that of a small reduction on the Frontier.

In accordance with resolutions of the Round Table Conference, the question of the future strength of the Army in India is under examination by the Committee of Imperial Defence.

What this really amounts to is that in 2 years without impairing the strength of the fighting forces without taking into account the possibilities of a temporary cut in officers' pay, Army expenditure will have been reduced from 55 crores to 47.40 crores. This, Sir, is I submit no mean achievement ; it has been done quietly, and without the imposition or display of Royal Commissions. It has been achieved by hard patient work and co-operation between the Army Department, the Finance Department and the chosen representatives of this Assembly. That, I submit, is the right way to work out economies, and brings credit on all concerned.

Emergency cuts in pay.—I now come to the difficult question of an emergency cut in pay. Let me state at the outset the general conclusions reached by the Government as part of the plan which I am now presenting.

These are :

First, that any cut applied must be general and on a fair basis.

Secondly, that it should be of a temporary nature not extended beyond the need of the present exceptional emergency. Its justification is in the need for a common sacrifice in a national emergency. Although it may be said that the subordinate ranks have gained from the low level of prices, there is as yet no proof of a substantial fall in the cost of living of many classes of Government servants.

Thirdly, that it should not in any way affect pension or provident fund rights.

We have given a great deal of thought to the way in which a cut should be applied, and after the most searching consideration of all sorts of graduated scales we have come to the following conclusions.

We think, first, that a simple plan is best, and that although it may be necessary to exempt pay below a certain low limit at the bottom, a uniform scale is really the fairest and best in the public interest.

We consider that the rate should not exceed 10 per cent. in any individual case, and that, as I shall explain later, this should include the enhancement of income-tax now proposed. For the general Government services we think that the limit of exemption should ordinarily be about Rs. 40—perhaps a bit higher, perhaps a bit lower. I ought, however, to mention that special considerations may have to be applied to a great commercial undertaking like the Railways, but the maximum will not be exceeded in any case.

I may, however, here interpose that I am pleased to be able to say that His Excellency the Viceroy has decided that he will impose upon himself a cut of 20 per cent. (Applause) and that for ourselves, the members of his Council, we will surrender 15 per cent. of our pay. (Applause.)

The action to be taken by Provincial Governments in regard to officers within their rule-making powers will be for their own decision, but we have little doubt that they will recognise the desirability of attaining throughout India as large a measure of uniformity as possible. In this connection I may mention that uniformity is particularly desirable in the police service, and since Local Governments are far more concerned in this matter than the Central Government, we shall not reach final conclusions in this case until after further consultation with them.

I must also refer to the fact that it does not lie within the power of the Government of India to take decisions as regards all the officers within its service. Certain officers have been guaranteed their rights under the Government of India Act and these cannot be altered without legislation in the British Parliament. As regards other officers, their position is governed by Fundamental Rule 23, and can only be altered under rules made by the proper authorities. For the great bulk of officers, the rule-making power now lies with the Government of India and Local Governments, subject to the sanction of the Secretary of State in Council. There

are certain officers, however, in regard to whom the Secretary of State in Council has himself to make the rules. The position is, that we have received the assurance of the Secretary of State that he will sanction the rules which we, or Provincial Governments, may make in those cases where we or they have the power. Further, in regard to officers protected by the Government of India Act, or in regard to whom the Secretary of State has himself to make rules, I am authorised to say that His Majesty's Government are satisfied that a financial necessity exists amounting to a national emergency, which requires that a reduction should be made in pay, and that His Majesty's Government have undertaken to introduce legislation in Parliament at the first practicable opportunity. The legislation would be of an emergency character, and would authorise the Secretary of State in Council to reduce the salaries of officers protected under the Government of India Act for a limited period and subject to a maximum of 10 per cent. which would be inclusive of the enhancement of income-tax contained in my present financial proposals and subject to a discretionary power for the Secretary of State in Council to make exceptions in cases of hardship. It would apply to the special class of protected officers serving under Local Governments as well as under the Government of India Act. Officers not specifically protected by the Government of India Act, but in regard to whom the Secretary of State has himself to make rules, would be treated on the same lines as the protected officers.

This is a general description of our plan, and we shall explain our proposals in greater detail at a later stage in the discussions on the Finance Bill—particularly as regards the exemptions which may be made in the lowest grades.

We think that it should be practicable to impose the cuts from December 1st next. It must be clearly explained that there is no intention that they should remain operative beyond March 31, 1933. They will not be continued beyond that date without further examination of economic conditions; and if economic conditions so required or permitted, we should re-consider them before that date.

And that brings me to a point of essential importance in this matter. A cut of this nature must be regarded as a very exceptional measure which can only be justified in very exceptional circumstances. It is nothing less than a direct variation of the conditions under which an officer enters the Government service, and it must be remembered that the security of these conditions represents an essential attraction of service under a government. It would be fatal to the public interest if that sense of security were destroyed. Therefore no variation can be justified except in a real national emergency and when it is quite clear that all other measures have been fully tried. Even so it is necessary to examine the case still further. We must test the emergency by an examination of the causes which have created it. In the present case it was clear that the emergency had arisen from an unprecedented fall in prices of those commodities which India produces and on which the revenue of the country depends. The value of commodities had fallen too low in terms of money, the value of money had gone up too high. But in the last days a change has been made in the basis on which the value of our money, or our unit of currency, depends. The results of this, or of any general economic recovery producing an improvement in the revenue position, may make it necessary to reconsider the justification and necessity for this cut. It is of course clear that a general decline in the

gold value of the rupee would affect all servants of Government alike, while I might further mention incidentally that if, on the other hand, the rupee had been detached from sterling and the value of the rupee had either appreciated or declined in relation to sterling, there would have been some difference in the case of certain classes of officers of which Government would have had to take account.

However that may be, or might have been, what I have to say now is that in the conditions on which we have to base our present estimates, we and His Majesty's Government consider an emergency cut on the lines already indicated to be absolutely essential.

As regards the financial effect of cuts on the scale which we propose, I have estimated the position roughly as follows for the purpose of my present financial plan.

Civil.—We put the total saving for 1932-33 at 115 lakhs, and for the four months from December 1st of the current year at 35 lakhs. This includes savings on the personnel of the Posts and Telegraphs Department.

Railways.—The saving on Railways will be very substantial. I refrain from giving an exact figure pending the final settlement of a plan. In any case it will not directly affect my present proposals, for we consider that any saving effected by a cut in pay on the Railways must be utilised to improve their own internal position, and that it cannot be translated into any improvement of general revenues. As I have already stated, a cut in fact will only be justifiable during the continuance of the present emergency, and during such period we cannot in any case rely on receiving any general contribution from the Railways. It is in our opinion essential that if they have any margin it should be made available for reduction in freights on agricultural products.

Army.—As regards Army officers, the same cut would apply to them as to Civil officers of the Government. We estimate a saving of 75 lakhs in 1932-33 and 25 lakhs for the four months of the current year from December 1st. I may note that if this saving is effected it will reduce the expenditure of the Army next year to 46.65 crores.

Abolition of Salt Credit System.—I have now dealt with the first two lines of action, first, General Retrenchment, secondly, cuts in pay; and before I come to the third—which is new taxation—I have to mention another measure which is in the nature of an expedient to improve our revenue position over the next 18 months.

We have been studying since the end of the last Budget session the possibility of effecting an immediate increase in our salt revenue by reducing or abolishing the credit system. After careful examination of the question in consultation with the officers of the Salt Department, we came to the conclusion that, subject to giving fair notice to trade, we might justifiably terminate credits altogether. We have accordingly notified the gradual termination of the system by limiting credits to 3 months as from the 1st October 1931, and discontinuing the grant of new credits altogether from the 1st March 1932. This means that we shall actually collect in the current year and again in next year 15 instead of 12 months' revenue on all salt issued under the credit system. I expect our revenue will be increased by one crore each year on this account. This of course involves no real increase either in taxation or revenue. It only means that we shall,

during the next 18 months collect 24 months' revenue on credit salt. After that we shall be entirely on a cash basis.

Taxation.—I must now turn to the third measure—new taxation. Here our plan is very simple, and though unpleasant, I hope that Honourable Members will on the whole recognise it as fair.

General Surcharge.—The main plank of our proposals is to put a temporary surcharge on all existing taxes, with the exception of customs export duties, for these could not without detriment to our export trade be included. With this exception, the surcharge will apply to all customs and excise duties (including salt) and to the income-tax and supertax. The surcharge, which we propose is 25 per cent. on the existing rates in each case.

The principle is uniform, but as regards the income-tax there is an administrative difficulty inasmuch as the tax, although only imposed as from October 1st, has to be collected on a 12 months' basis. It would lead to great hardship in case of salaries or other income taxed at the source if we were to supplement deductions already made by a retrospective increase at the full rate of 25 per cent. Therefore we propose that the surcharge for the current year should be 12½ per cent. on income-tax, but it will be collected at this rate on the whole year's income.

New Taxes.—Apart from these general surcharges, we are forced to include certain new taxes. As regards income-tax, we consider that in this emergency there is justification for reducing the exemption limit and imposing a small tax of 4 pies in the rupee on incomes between Rs. 1,000 and Rs. 2,000 per annum. For the same reasons as I have explained already in connection with the surcharge on the existing income-tax, the rate will be imposed at 2 pies for the current year and 4 pies for next year.

The remaining special increases or new taxes which we propose are in regard to import duties. I will deal first with the increases in existing duties.

We propose to increase the import duty on artificial silk piecegoods from 20 to 40 per cent. and on artificial silk yarn from 10 per cent. to 15 per cent. We also propose to increase the duty on brown sugar from Rs. 6-12-0 to Rs. 7-4-0 per cwt. This follows the Tariff Board's recommendation. As regards boots and shoes, we propose that there should be imposed as an alternative to the 20 per cent. duty a minimum of 4 annas per pair. The duty will thus be 20 per cent. or 4 annas a pair whichever is the higher. We also propose to increase the duty on camphor and on electric bulbs from 20 to 40 per cent. As regards all these articles the surcharge will be levied on the increased duty.

Then there are three items formerly on the free list on which we think it justifiable to impose a small duty on revenue grounds. The result of the surcharges imposed in last Budget and proposed now is that the level of the general revenue tariff has been increased from 15 to 25 per cent. There is, therefore, some justification for adding a 10 per cent. duty to articles hitherto free.

We propose to put duties of 10 per cent. on machinery and dyes, and of ½ anna per lb. on raw cotton. I must expect criticism of these duties especially from the cotton mills, and I must acknowledge that their imposition may appear to be in some ways inconsistent with previous policy.

The justification must be the need for revenue, while as regards the cotton mills we may claim that on balance their position will be improved by our surcharge proposals, for under these the import duties on cotton piecegoods will be increased by one quarter. This more than offsets the burden of $\frac{1}{2}$ anna per lb. on goods made from imported cotton, and affords an effective answer to possible criticisms on the grounds to which I have referred.

I have one more word to say as regards the income-tax proposals. In considering the cut to be applied to the salaries of Government officials we considered what total reduction of their emoluments could fairly be imposed. If the general rate of reduction is to be 10 per cent., that represents what we think fair, and if further increases of income-tax were to be added, that would go beyond the reasonable limit. We therefore propose that increases of income-tax, both by way of surcharge on existing rates or by way of imposition of a tax for the first time on salaries from Rs. 1,000 to Rs. 2,000 should be merged in any general cut which we are imposing or which the Provincial Governments may impose.

Postal rates.—Apart from measures of taxation we propose some enhancement of the inland postal rates, namely to increase the existing rates in respect of letters and postcards by one-half. That is, the rates for inland postal letters will be $1\frac{1}{2}$ annas instead of 1 anna (Laughter) and for postcards 9 pies instead of 6 pies. This enhancement should produce 73 lakhs in a full year and should go a long way to cover the deficit of 92 lakhs in the working results of the department which would, as I stated before, be left even if the recommendations of the Posts and Telegraphs Accounts Enquiry Committee are accepted.

Summary of the plans.

I may now summarise the effects of all these plans :

For the current year we shall improve the position as follows :

(Figures in lakhs of rupees.)

Special retrenchment programme	..	30	
Cuts in pay—Civil	..	35	
Military	..	25	
Total cuts and retrenchment	..	90	
Anticipation of salt revenue	..	100	
Extra taxation—			
Customs—New or increased duties	..	154	
Surcharges on existing taxes		331	
Salt—Surcharge	..	21	
Income-tax nett	..	205	
Total new taxation	..	711	
Increased Post and Telegraph charges	..	37	
The total improvement is thus	..	938	
Against an estimated deficit of	..	19,55	
We should thus close the year with a deficit of	..	10,17	

On the other hand, in 1932-33 we should have the following improvements :

Retrenchment measures—Civil	..	250	
Military	..	450	
Cuts in pay—Civil	..	115	
Military	..	75	
Total cuts and retrenchment	..		890
Anticipation of salt revenue	..	..	100
Extra taxation—			
Customs—New or increased duties	..	310	
Surcharges on existing taxes		662	
Salt—surcharge	..	85	
Income-tax—nett	..	353	14,10
Increased Post and Telegraph charges	..	..	73
The total improvement is thus	..	..	24,73
Against an estimated deficit of	..	..	19,50
We should thus close the year with a surplus of	..	..	5,23

We should thus close the current year with a deficit of 10,17 and the next year with a surplus of 5,23.

That is to say, the combined result of the two years will be a deficit of 4,94.

We consider that we are justified in regarding this deficit as covered by making during this period of exceptional stress a reduction of about 247 in each year from the provision for Reduction or Avoidance of Debt. Even after making this deduction, this provision will amount to 4.43 in the current year and about 4.68 in 1932-33. When it is remembered that the portion of our debt which is not covered by productive assets or cash balances is no more than 194 crores this may fairly be claimed as an adequate Sinking Fund allocation during a period of exceptional depression.

But I may put the position in another way which throws up in a still more favourable light what we are proposing. I have explained that on present estimates the combined deficit for the two years is just over 39.05 crores. We may fairly say that half the current year's deficit has already been incurred—say about 9.80 crores. If we look at our task as one of having to make a new budget for 18 months, starting with October 1st, we should have to find means for filling a gap of 29.25 crores. We are actually providing for finding improvements of 34.11 crores over the next 18 months. Therefore we are not only providing a balance for that period, but we should have a surplus of 4.86 crores towards making up the deficit of 9.80 crores on the first half of the current year.

If these forecasts are fulfilled, then even if there is no improvement in the economic position, the Finance Member, when he presents the Budget for 1933-34, will find himself in possession of a surplus of 5.23 crores and he will be able to make a substantial easing of the burdens.

It is perhaps forecasting events too much to say in what order these reductions should be made. But there are certain principles which we consider must be observed. Relief must come first in restoring the emergency cuts in pay and secondly in taking off the surcharge on the income-tax now to be imposed. I think we may predict with as much certainty as is possible for any such forecasts that these special impositions will not in any case be extended beyond March 31, 1933.

This is the picture, but I must add a few words before I leave it. Much will be said about the increase in the burdens of taxation. But I want the public to appreciate that we are not so much increasing the total amounts of taxes levied as providing by increasing the rates for collecting the same amount of revenue.

Our difficulties have not in any way been caused by an increase in expenditure. Quite the contrary. We have in fact to face three things—a drop in the yield of the current taxes, a drop in the revenues from commercial departments, and a deterioration under the Finance headings. The first we meet mainly by increasing the rates of the taxes ; and the last two by retrenchments. I want Honourable Members to give particular attention to a table which I will circulate with copies of my speech in which I analyse expenditure and revenue and show in parallel columns tax revenue and net administrative expenditure. By the latter I mean the net expenditure on the Army and all other heads charged to revenue with the exception of the debt services. They will find here the true record of our achievements and proposals. This figure of net administrative expenditure will, according to our plans, have proceeded as follows :

(Figures in crores of rupees.)

1930-31	..	..	..	79.67
1931-32	..	..	..	74.66
1932-33	..	..	..	65.95

If this can really be achieved, then we shall be able to congratulate ourselves on having put matters on a really sound basis.

Conclusion.

Then I want to add something as to the reasons for the present measures. I referred at the outset of my speech to the dangers, now that we are divorced from a gold standard, of any inflationary action for the purposes of meeting the current expenditure of the Government. If once that process starts, it may be impossible to save the country from a complete collapse of its currency. That has been the experience of all countries whose currencies collapsed after the War. They all went through the same process. Budgetary deficits, met first by borrowing ; then a reluctance of the public to subscribe to government loans or treasury bills ; then recourse to the note-printing press and inflation to provide funds to meet current public expenditure ; then collapse in confidence in the currency, notes printed faster and faster until the amounts reached astronomical figures, and finally the complete disappearance of any value to the currency at all. *We want to erect a solid barrier against the possibility of India getting on to that slippery slope.* That is the essential justification for our proposals. We have heard much talk in the last days about

the disappearance of our currency reserves. But no currency reserve can be large enough to stand up against a lack of confidence in the currency. Reserves are only valuable to tide over temporary difficulties. The real safeguard must be confidence in the soundness of a country's financial situation. If a country meets current expenditure with current revenue, and if, further, it has a favourable balance of trade, then it can face all the vicissitudes of fortune with confidence, and its actual currency reserves are of minor importance.

That brings me to the last thing which I have to say to-day. I know that our proposals of taxation will be criticised. But I will appeal to all critics, either in this House or outside it, not to criticise them hastily or unfairly. We believe that we are doing the right thing for India--that in these critical times, and looking to the years before us, when we have to meet heavy loan maturities both external and internal, the matter of vital importance is to preserve the trust of the public of India and elsewhere in the soundness of our financial position. Let honourable members, by all means, examine our proposals with searching criticism, but I would appeal to them, with all the emphasis which I can command, to do or say nothing which will lead the outside world to suppose that they have not a full sense of their responsibility, or that they do not believe that the paramount duty of every man, who has India's interest at heart, and who can in any way influence the situation, is to preserve intact that financial stability on which the whole fabric of the country's life depends. (Applause.)

The 29th September 1931.

THE INDIAN FINANCE (SUPPLEMENTARY AND EXTENDING) BILL, 1931.

Introduced in the Legislative Assembly on the 29th September 1931.

A bill to supplement the Indian Finance Act, 1931, and to extend the operation of its temporary provisions.

WHEREAS it is expedient to supplement the Indian Finance Act, 1931, and to extend the operation of its temporary provisions to the financial year beginning on the 1st April, 1932 ; It is hereby enacted as follows :—

1. This Act may be called the Indian Finance (Supplementary and Extending) Act, 1931.
Short title.

2. The operation of section 2 of the Indian Finance Act, 1931, fixing the rate of salt duty for the year beginning on the 1st April, 1931, of section 5 of the said Act and the Third Schedule thereto as amended by section 6 of this Act, fixing inland postage rates, for the said year, and of section 7 of the said Act and the Fourth Schedule thereto as amended by sections 7, 8 and 9 of this Act, fixing rates of income-tax and super-tax for the said year, is hereby extended to the 31st day of March, 1933.
Extension to the next financial year of the operation of the temporary provisions of the Indian Finance Act, 1931.

3. (1) The amendments specified in Part I of Schedule I to this Act shall be made in Schedule II to the Indian Tariff Act, 1894.
Amendment of the Second Schedule to the Indian Tariff Act, 1894, and the Indian Finance Act, 1931. VIII of 1894.

(2) The amendment specified in Part II of Schedule I to this Act shall be made in Schedule II to the Indian Finance Act, 1931.

4. Where any goods chargeable with a duty of customs under Part II, Part IV, Part V, Part VI or Part VII of Schedule II to the Indian Tariff Act, 1894, VIII of 1894, as amended by section 3, or under any of the said Parts read with any other enactment or with any notification of the Governor General in Council for the time being in force, are assessed to duty, there shall be levied and collected as an addition to and in the same manner as the total amount so chargeable, a sum equal to one-quarter of such total amount :
Additional customs duties.

Provided that salt chargeable with duty under Item No. 35 of the said Part II shall not be liable to two such additions of duty :

Provided further that such addition of duty shall not be levied and collected on—

- (a) raw cotton, comprised in Item No. 41A,
- (b) dyes and colours, comprised in Item No. 58A, or
- (c) machinery, comprised in Items Nos. 59A, 59B, 59C and 59D, of the said Schedule as amended by section 3.

XII of 1882.
II of 1917.
XII of 1922.
XVIII of 1930.

5. Where any salt, motor spirit, kerosene or silver chargeable with duty under the Indian Salt Act, 1882, or under the Motor Spirit (Duties) Act, 1917, or under the Indian Finance Act, 1922, or under the Silver (Excise Duty) Act, 1930, or under any of the said Acts read with any other enactment or with any notification of the Governor General in Council for the time being in force, is assessed to duty, there shall be levied and collected, as an addition to and in the same manner as the total amount so chargeable, a sum equal to one-quarter of such total amount.

6. In section 5 of the Indian Finance Act, 1931, the following proviso Increase of certain inland postage shall be added, namely :—
 rates.

“ Provided that from a date to be appointed in this behalf by the Governor General in Council, by notification in the Gazette of India, each rate specified in the said Schedule in respect of letters and postcards shall be increased by one-half of its amount.”

7. (1) In Part I of Schedule IV to the Indian Finance Act, 1931, for the Lowering of limits of total income item—
 liable to income-tax.

“ When the total income is less than Rs. 2,000 Nil.”
 the following shall be substituted, namely :—

“ When the total income is Rs. 1,000 or upwards but is less than Rs. 2,000. Four pies in the rupee.” :

Provided that for the year beginning on the 1st day of April, 1931, the rate chargeable on any such total income shall be two pies in the rupee only.

(2) For the purpose of assessing and collecting the tax imposed by the proviso to sub-section (1),—

XI of 1922. (a) the Indian Income-tax Act, 1922, shall be deemed to be subject to the adaptations set out in Part I of Schedule II to this Act, and

(b) the Central Board of Revenue may make rules—

XI of 1922. (i) making such further adaptations in the Indian Income-tax Act, 1922, as may seem to it to be necessary to secure that the tax shall be equitably levied, and

(ii) regulating the procedure of income-tax authorities in securing the assessment and collection of the tax and the granting of refunds arising therefrom.

8. (1) In respect of the year beginning on the 1st day of April, 1931, each Additional income-tax and super- rate of income-tax and super-tax specified in tax for the current financial year. Schedule IV to the Indian Finance Act, 1931, excluding the rate imposed by section 7, shall be increased by one-eighth of its amount.

(2) For the purpose of assessing and collecting the additional tax imposed by sub-section (1),—

XI of 1922. (a) the Indian Income-tax Act, 1922, shall be deemed to be subject to the adaptations set out in Part II of Schedule II to this Act, and

(b) the Central Board of Revenue may make rules—

XI of 1922. (i) making such further adaptations in the Indian Income-tax Act, 1922, as may seem to it to be necessary to secure that the additional tax shall be equitably levied, and

(ii) regulating the procedure of income-tax authorities in securing the assessment and collection of the tax and the granting of refunds arising therefrom.

9. In respect of the year beginning on the 1st day of April, 1932, each Additional income-tax and super-tax for the next financial year. rate of income-tax and super-tax specified in Schedule IV to the Indian Finance Act, 1931, excluding the rate imposed by section 7, shall be increased by one-fourth of its amount.

10. In sub-section (7) of section 19 of the Indian Paper Currency Act, 1923, X of 1923. Amendment of section 19, Act X of 1923. for the figures "1932" the figures "1933" shall be substituted.

It is hereby declared that it is expedient in the public interest that XVI of 1931. clauses 3, 4 and 5 of this Bill should have immediate effect under the Provisional Collection of Taxes Act, 1931.

SCHEDULE I.

[See section 3.]

PART I.

Amendments to be made in Schedule II of the Indian Tariff Act, 1894.

1. Item No. 7 shall be deleted.

2. In Part I, the heading "DYES AND COLOURS" and Item No. 140 shall be omitted.

3. In Part I, the heading "MACHINERY", and Items Nos. 18A, 18B, 18C and 18D shall be omitted.

"4. In Item No. 27A, for the figures "1 4" in the last column the words One rupee" shall be substituted.

5. In Item No. 34,—

(a) in sub-item (1), for the figures "23" the figure "8" shall be substituted ;

(b) sub-item (2) shall be omitted ; and

(c) sub-items (3) and (4) shall be re-numbered as sub-items (2) and (3).

6. After Item No. 41, and under the general head "II.—Raw Materials and produce and articles mainly unmanufactured", the following heading and item shall be inserted, namely :—

"TEXTILE MATERIALS.

41A | COTTON, raw | POUND | Six pies."

7. In Part II, under the general head "III.—Articles wholly or mainly manufactured", the following heading and item shall be inserted, namely :—

" APPAREL.

41B | BOOTS AND SHOES .. | Ad valorem .. | 20 per cent. or 4 annas per pair, whichever is higher."

8. In Item No. 43C, for the figures "7½" in the last column, the figures "12½" shall be substituted.

9. In item No. 45A, after the word "silk", wherever it occurs, the words "or artificial silk" shall be inserted.

10. In Part IV, under the general head "*III.—Articles wholly or mainly manufactured*", the following heading and item shall be inserted, namely :—

"DYES AND COLOURS.

58A | DYES derived from coal-tar, and coal-tar derivatives, used in any dyeing process."

11. After Item No. 59, the following heading and items shall be inserted, namely :—

"MACHINERY.

59A | MACHINERY, namely, such of the following articles as are not otherwise specified :—

- (1) prime-movers, boilers, locomotive engines and tenders for the same, portable engines (including power-driven road rollers, fire engines and tractors), and other machines in which the prime-mover is not separable from the operative parts ;
- (2) machines and sets of machines to be worked by electric, steam, water, fire or other power, not being manual or animal labour, or which before being brought into use require to be fixed with reference to other moving parts ;
- (3) apparatus and appliances, not to be operated by manual or animal labour, which are designed for use in an industrial system as parts indispensable for its operation and have been given for that purpose some special shape or quality which would not be essential for their use for any other purpose ;
- (4) control gear, self-acting or otherwise, and transmission-gear designed for use with any machinery above specified, including belting of all materials other than cotton, hair and canvas ply and driving chains but excluding driving ropes not made of cotton ;
- (5) bare hard-drawn electrolytic copper wires and cables and other electrical wires and cables, insulated or not, and poles, troughs, conduits and insulators designed as parts of a transmission system, and the fittings thereof.

Note.—The term 'industrial system' used in sub-clause (3) means an installation designed to be employed directly in the performance of any process or series of processes necessary for the manufacture, production or extraction of any commodity.

59B | The following TEXTILE MACHINERY AND APPARATUS by whatever power operated, namely, healds, heald cords and heald knitting needles ; reeds and shuttles ; warp and weft preparation machinery and looms ; bobbins and pirns ; dobbies ; Jacquard machines ; Jacquard harness linen cards ; Jacquard cards ; punching plates for Jacquard cards ; Warping mills ; multiples box sleys ; solid border sleys ; tape sleys ; swivel sleys ; tape looms ; wool carding machines ; wool spinnery machines ; hosiery machinery ; coir mat shearing machines ; coir fibre wil-
lowing machines ; heald knitting machines ; dobbie cards ; lattices and lags for dobbies ; wooden winders, silk looms ; silk throwing and reeling machines ; cotton yarn reeling machines ; sizing machines ; doubling machines ; silk twisting machines ; cone winding machines ; piano card cutting machines, harness building frames ; card lacing frames ; drawing and denting hooks ; sewing thread balls making machines ; cumbli finishing machinery ; hank boilers ; cotton carding and spinning machines ; mail eyes, lingoes, comber boards and comber board frames ; take-up motions, temples and pickers ; picking bands ; picking sticks ; printing machines ; roller cloth ; clearer cloth ; sizing flannel ; and roller skins.

59C | PRINTING AND LITHOGRAPHIC MATERIAL, namely, presses, lithographic plates, composing sticks, chases, imposing tables, lithographic stones, stereo-blocks, wood blocks, half-tone blocks, electrotypes, process blocks and highly polished copper or zinc sheets specially prepared for making process blocks, roller moulds, roller frames and stocks, roller composition, lithographic nap rollers, standing screw and hot presses, perforating machines, gold blocking presses, galley presses, proof presses, arming presses, copper plate printing presses, rolling presses, ruling machines, ruling pen making machines, lead cutters, rule cutters, slug cutters, type casting machines, type setting and casting machines, paper in rolls with side perforations to be used after further perforation for type-casting, rule bending machines, rule mitreing machines, bronzing machines, stereotyping apparatus, paper folding machines, paging machines and clarified liquid glue but excluding ink and paper.

59D | COMPONENT PARTS OF MACHINERY, as defined in Nos. 59A, 59B and 59C, namely, such parts only as are essential for the working of the machine or apparatus and have been given for that purpose some special shape or quality which would not be essential for their use for any other purpose :

Provided that articles which do not satisfy this condition shall also be deemed to be component parts of the machine to which they belong if they are essential to its operation and are imported with it in such quantities as may appear to the Collector of Customs to be reasonable."

12. In Item No. 85,—

(a) the words "boots and shoes" shall be omitted ;

(b) after the words "silk mixtures" the words "or of artificial silk or artificial silk mixtures, and boots and shoes" shall be added.

13. In Item No. 100, after the word "silk", wherever it occurs, except in the seventh sub-item, the words "or artificial silk" shall be inserted.

14. In Item No. 100A, after the word "silk", wherever it occurs, the words "or artificial silk" shall be inserted.

15. After Item No. 126, the following heading and item shall be inserted namely :—

"CHEMICAL DRUGS AND MEDICINES.

127 | CAMPHOR."

16. After Item No. 128, the following item shall be inserted, namely :—

"128A | ELECTRIC BULBS."

17. In Item No. 133, after the word "silk", wherever it occurs, the words "or artificial silk" shall be inserted.

PART II.

Amendment to be made in Schedule II to the Indian Finance Act, 1931.

In the entry relating to "Part IV, Nos. 58 to 64 inclusive", for the words in the second column the following shall be substituted, namely :—

"All articles for the time being included in Part IV of the Second Schedule, except—

(1) Dyes and Colours comprised in Item No. 58A, and

(2) Machinery, comprised in Items Nos. 59A, 59B, 59C and 59D."

SCHEDULE II.

Adaptations of the Indian Income-tax Act, 1922.

PART I.

[See section 7.]

Adaptations for the assessment and collection of income-tax in the current financial year on total incomes of Rs. 1,000 and upward and less than Rs. 2,000.

1. For the purposes of the proviso to sub-section (2) of section 18 of the Indian Income-tax Act, 1922, any person responsible for paying any income less than Rs. 2,000 chargeable under the head "Salaries" shall be deemed to have failed to deduct income-tax at the time of making all payments made before the commencement of this Act, and such person may make the adjustments permitted by that proviso.

2. Notwithstanding that the Income-tax Officer has assessed the total income of an assessee under section 23 of the Indian Income-tax Act, 1922, and has found that nothing is payable thereon, he may proceed to determine the sum payable by such assessee by virtue of section 7 of this Act, and such sum shall, for the purposes of the Indian Income-tax Act, 1922, be deemed to be a sum determined under section 23 of that Act.

PART II.

[See section 8.]

Adaptations for the assessment and collection of additional income-tax and super-tax in the current financial year.

1. For the purposes of the proviso to sub-section (2) of section 18 of the Indian Income-tax Act, 1922, any person responsible for paying any income chargeable under the head "Salaries" shall be deemed to have made a deficient deduction in respect of the additional income-tax imposed by section 8 of this Act at the time of making all payments made before the commencement of this Act, and such person may make the adjustments permitted by that proviso.

2. Notwithstanding that the Income-tax Officer has assessed the total income of an assessee and has determined the sum payable thereon under section 23 of the Indian Income-tax Act, 1922, he may proceed to determine the further sum payable by such assessee by virtue of section 8 of this Act, and such further sum shall, for the purposes of the Indian Income-tax Act, 1922, be deemed to be a sum determined under section 23 of that Act.

STATEMENT OF OBJECTS AND REASONS.

The object of this Bill is to continue certain provisions of the Indian Finance Act, 1931, to the 31st March, 1933 ; to increase the import duties on brown sugar, boots and shoes, artificial silk yarn and thread, artificial silk piecegoods, camphor and electric bulbs ; to impose import duties on raw cotton, machinery and dyes ; to impose a surcharge of 25 per cent. on all import duties other than the new duties on raw cotton, machinery and dyes, and on all excise duties including salt ; to impose a surcharge on income-tax of $12\frac{1}{2}$ per cent. in the current financial year and of 25 per cent. in the financial year 1932-33 ; to levy income-tax on incomes between Rs. 1,000 and Rs. 1,999 per annum ; and to increase the rates of postage for letters and postcards.

2. Clause 3 provides for the following important alterations in customs tariff :—

- (1) Levy of an import duty of 6 pies per pound on raw cotton ;
- (2) Levy of an import duty of 10 per cent. on machinery ;
- (3) Levy of an import duty of 10 per cent. on dyes ;
- (4) Increase in the import duty on brown sugar from Rs. 6-12 to Rs. 7-4 per cwt. ;
- (5) Increase in the import duty on boots and shoes from 20 per cent. *ad valorem* to 20 per cent. *ad valorem* or 4 annas per pair, whichever is higher ;
- (6) Increase in the import duty on artificial silk yarn and thread from 10 per cent. *ad valorem* to 15 per cent. *ad valorem* ;
- (7) Increase in the import duty on artificial silk piecegoods, camphor and electric bulbs from 20 per cent. to 40 per cent. *ad valorem*.

3. Clauses 4 and 5 provide for a surcharge of 25 per cent. on all customs import duties exceeding $2\frac{1}{2}$ per cent. *ad valorem*, including those specified in paragraph 2 above excepting the new duties on raw cotton, machinery and dyes, and on all excise duties including salt.

4. Clause 6 read with clause 2 provides that the rate of postage on all inland letters and postcards should be increased by 50 per cent., i.e., the rate for an ordinary inland letter should be one anna and six pies instead of one anna, and the rate for the ordinary inland postcard should be nine pies instead of six pies.

5. Clause 7 (1) provides that incomes of Rs. 1,000 and upwards but less than Rs. 2,000 should be subject to income-tax at the rate of two pies in the rupee in the financial year 1931-32 and of four pies in the rupee in the financial year 1932-33.

6. Clauses 8 (1) and 9 provide that the rates of income-tax and super-tax now in force should be increased by $12\frac{1}{2}$ per cent. in the financial year 1931-32 and by 25 per cent. in the financial year 1932-33.

7. The Indian Income-tax Act was not so drafted as to provide for such a contingency as a change of income-tax and super-tax rates in the middle of a financial year, at a time when some assessments for the year will have been

completed, while others are yet outstanding and when certain payments of salaries and interest on securities will have already been made after deduction of tax at the rates hitherto in force. It is for this reason that clause 7 (2) and clause 8 (2) have been inserted, making certain adaptations of the procedure laid down by the Act and giving the Central Board of Revenue authority to deal with any unforeseen difficulties that may arise, if experience should show that a literal application of the existing law would produce inequitable results. It will be seen that these clauses and any rules made under them will necessarily be of an ephemeral character.

8. Clause 10 provides for the credit to revenue till 31st March 1933 of interest on securities forming part of the Paper Currency Reserve.

GEORGE SCHUSTER.

SIMLA ;

The 29th September 1931.

M19FinD

EXPLANATORY MEMORANDUM

BY

THE FINANCIAL SECRETARY.

NOTE 1.—Unless otherwise stated, the amounts are in lakhs of rupees. The expressions “current year” and “next year” stand for the financial year 1931-32 and 1932-33, respectively.

NOTE 2.—A supplementary note showing the reductions proposed under the various heads of expenditure as a result of the work of the retrenchment committees is attached. The figures in this explanatory memorandum do not take those reductions into account.

1. The following table compares the total recorded revenue and expenditure of the Government of India in the years 1929-30 with the revised estimate of 1930-31 and the budget and the present forecast for the current year :—

				1929-30, Accounts.	1930-31, Revised.	1931-32, Budget.	1931-32, Present forecast.
Revenue	..	..	..	1,32,69	1,23,44	1,34,87	1,17,39
Expenditure	..	..	..	1,32,42	1,36,12	1,34,86	1,36,94
Surplus + Deficit	—	..	..	+27	—12,68	+1	—19,55

2. The revised figures for the current year in the above table do not take into account the effect of either proposals for retrenchment and cuts in pay or those for securing additional revenues. On the present basis the figures of revenue and expenditure for the next year will be as follows :—

1932-33.

Revenue	..	..	..	..	..	1,16,50
Expenditure	..	..	..	..	..	1,36,00
Deficit	::	::	..	..	..	19,50

The total deficit for the current year and the next will thus be 19,55 plus 19,50 = 39,05.

3. The proposals for retrenchments and cuts in pay and for increasing the revenues are expected to yield the following results :—

				1931-32 (6 months).	1932-33 (12 months).
(1) <i>Retrenchments</i> —					
Civil expenditure including posts and telegraphs but excluding railways	..	..	..	30	2,50
Military expenditure	..	..	..	..	4,50
(2) <i>Cuts in pay</i> —					
Civil officers and establishment including posts and telegraphs but excluding railways	..	..	..	35	1,15
Military officers	..	..	..	25	75
Total of retrenchments and cuts in pay	..	..	..	90	8,90

(3) Additions to revenue—				1931-32 (6 months.)	1932-33 (12 months.)
Customs revenue	..	..	—	4,85	9,72
Income-tax (net)	..	..	..	2,05	3,53
Salt—					
(i) Abolition of credit sales	..	..	..	1,00	1,00
(ii) Surcharge	..	..	..	21	85
Posts and Telegraphs	..	..	..	37	73
Total additions to revenue	..	..	..	8,48	15,83

4. With the above changes, the revised estimate of the current year and the present forecast for the next year will be as follows :—

		Revenue.	Expenditure.	Surplus + or deficit—
Revised 1931-32	..	125,94	136,11	—10,17
Forecast 1932-33	..	132,51	127,28	+5,23

It will be seen from the statement above that after taking into account the net effect of all the proposals for economy and taxation, the uncovered deficit over the two-year period will be 10,17—5,23 or 4,94. It is proposed provisionally to meet this deficit by reduction of the provision for reduction or avoidance of debt by 2,47 each year.

5. As usual, some further details of the changes in the figures of revenue and expenditure are given below.

Customs.

6. The net deterioration of 10,00 in the Customs revenue in the current year, which is due to the prevailing trade depression and the reduced purchasing power of the people, is distributed as follows :—

						Better + Worse—.
Spirits and liquors	..	..	..	..	..	—70
Sugar	..	..	..	..	..	—100
Tobacco	..	..	..	..	..	—35
Mineral oils	..	..	..	..	..	—25
Motor cars and cycles	..	..	..	..	..	—30
Silver	..	..	..	..	..	—100
Metals—iron and steel	..	..	..	..	..	—10
Articles of food and drink	..	..	..	..	..	—50
Raw materials	..	..	..	..	..	—10
Cutlery, hardware, etc.	..	..	..	..	..	—20
Metals other than iron and steel	..	..	..	..	..	—30
Yarn and textiles	..	..	..	..	..	—30
All other articles wholly or mainly manufactured	..	..	..	..	..	—60
Other articles	..	..	..	..	..	—15
Betel nuts	..	..	..	..	..	+10
Iron and steel (protective)	..	..	..	..	..	—60
Cotton piecegoods	..	..	..	..	..	—200
Export duty on jute	..	..	..	..	..	—90
Excise duty on motor spirit	..	..	..	..	..	—75

—1,000

These estimates were framed before the events of the last week happened and as explained by the Honourable the Finance Member in his statement, they do not take into account the possible reactions of those events on the revenues.

7. The proposals in the new Finance Bill, after providing for a reduction in consumption, are expected to yield an additional revenue of 14,57 under Customs as detailed below :—

(i) *Levy of new duties and increase in existing duties (excluding the surcharge).*

					1931-32.	1932-33.
Sugar	..	..	..	..	3	7
Artificial silk piecegoods	..	..	..	..	29	57
Artificial silk yarn	..	..	..	..	5	10
Raw cotton	..	..	..	..	43	87
Machinery	..	..	..	..	52	103
Dyes	..	..	..	..	8	17
Boots and shoes	..	..	..	..	7	14
Camphor	..	..	..	..	2	5
Electric bulbs	..	..	..	..	5	10
					154	310
					464	

(ii) *Surcharge of 25 per cent. on customs import duties including excise duties on motor spirit, kerosene and silver.*

						Rs.	Rs.
Surcharge	..	..	..	..	..	3,31	6,62
						9,93	

Taxes on income.

8. On the present basis of taxation the revenue estimates show a fall of 1,25 in the current year as compared with the budget estimate of 17,44. Business has been generally worse in the current year than in the last, so that with the existing rates of income-tax and supertax, the revenue will show a still further falling off next year.

9. The net increase in revenue anticipated from taxation of incomes between Rs. 1,000 and 1,999 and from the 12½ per cent. surcharge in the current year and from the 25 per cent. surcharge in the next after allowing for the merging of the tax on salaries of Government officers in the cut in pay is shown below :—

						1931-32.	1932-33.
						Rs.	Rs.
Taxation of lower incomes	..	..	..	..	..	38	70
Surcharge	..	..	..	..	..	1,74	3,01
					Total	2,12	3,71
						5,83	

10. The reduction of the taxable limit of income from Rs. 2,000 to Rs. 1,000 involving the addition of a large number of assesseees will necessitate the entertainment of extra establishment which will cost 7 in the current year and 18 in the next, or 25 in the two years together

Salt.

11. The salt revenue was estimated at 7.05 in the budget of the current year. A reduction of 8 is anticipated due mainly to reduced sales of locally manufactured salt in Madras.

12. The limitation of salt credits to 3 months in the current year as from the 1st October 1931 and the termination of the credit system altogether from the 1st March 1932 is expected to give an additional 2.00 in the two years. The imposition of the surcharge of 25 per cent. will, after taking into account reduction in consumption, give a further increase of 1.06 in the two years. The distribution of the total increase of 3.06 is as follows :—

	1931-32.	1932-33.
	Rs.	Rs.
(i) Limitation and ultimate abolition of credit system ..	1.00	1.00
(ii) Imposition of surcharge	21	85
Total ..	1.21	1.85
	3.06	

13. As regards expenditure a reduction of 7 is anticipated as a result of economy in the current year.

Opium.

14. The total revenue from opium was taken in the budget estimate of the current year at 2.15. It is now expected that owing to a reduction in the indents for excise opium, there will be a small decrease of 9 in the current year's revenue under this head.

15. On the other hand, there will be an increase of 8 under opium expenditure in the current year due partly to the increased outturn of the last season and partly to increased payments to certain Indian States under existing agreements regarding production and sale of opium in the States.

Posts and Telegraphs.

16. The statement below shows the present estimates of revenue and expenditure based on the actuals of the first few months :—

	1931-32, Budget.	1931-32, Present estimate.
Gross receipts	10.96	10.78
Deduct working expenses	11.45	11.39
Net receipts	—49	—61
Interest on capital outlay	87	87
Net loss including capital charged to revenue ..	1.47	1.59

The saving under Working Expenses is due to various measures of economy already adopted. The deterioration of 18 is due chiefly to anticipated short realization in stamp revenues and money order commission, due allowance being made for the additional receipts expected during the year from enhanced parcel rates and insurance fees already introduced.

17. The enhancement of the postal rates for letters and postcards is expected to bring in an additional revenue of 37 in the current year and 73 in the next.

Interest Receipts.

18. Owing to the replacement of the sterling securities in the Gold Standard Reserve by gold, the interest receipts in England from the investments in the Reserve are estimated to be 24 less in the current year than was provided in the Budget. The receipts from this source will probably diminish further next year.

Interest Payments.

19. The budget estimates for the current year under the head Interest on Ordinary Debt were as follows :—

<i>Gross payments.</i>						
India	..	..	..	..	..	22,35
England	..	..	..	..	..	21,14
						43,49
<i>Deductions.</i>						
Chargeable to commercial departments and the Provincial Loans Fund.					..	40,42
<i>Net</i>	..	..	..	..	..	3,07

20. The expenditure in India included 2,80 on account of discount on treasury bills. For the reasons explained in the Honourable the Finance Member's statement on the financial situation, the present estimate of the year's expenditure on this account is 5,01, or an increase of 2,21 over the current year's budget figure. There will however be a small saving of 12 under interest on ordinary loans.

21. As regards expenditure in England, there will be an increase of 40 on account of interest and other charges in connection with the sterling loan of £10 million floated early in the current year. As against this, there will be a saving of 56 representing one half year's interest on the outstanding amount of India's war contribution as explained in the press *communiqué* dated the 26th June 1931 regarding the effect of His Majesty's Government's proposals following the Hoover plan.

22. The total gross interest payments in the current year will thus be increased by 1,93 to 45,42.

23. The amount of advances to the Provincial Loans Fund in the current year may be increased as compared with the budget owing to deterioration in the financial position of the Provincial Governments, but it is not proposed to make any change at present in the interest chargeable to the Provincial Loans Fund in the absence of reliable estimates. The net interest payments on ordinary debt in the current year will therefore be 5,00.

24. As regards interest on other obligations, a saving of 10 is anticipated in the payments on account of interest on the balances of Provincial Governments and Railways.

25. The present estimate of total interest payments in the current year is 13,82 against 11,99 budgetted for, or a deterioration of 1,83.

Appropriation for Reduction or Avoidance of Debt.

26. The budget provision for the current year under this head was 6,78 made up as follows :—

Obligatory provision for railway annuities and sinking funds and for the 5 per cent. rupee loan sinking funds	4,19
Non-obligatory provision to make up the total provision according to the Debt redemption scheme	2,59
Total ..	6,78

27. Owing to the amount of the treasury bills in the hands of the public outstanding on the 31st March 1931 being 10,00 more than the figure assumed in the current year's budget there is an automatic increase of 12 in the provision under the head after taking into account the small reduction due to larger cancellations in 1930-31 of the 5 per cent. rupee loans on account of purchases for the depreciation funds.

28. A sufficiently reliable estimate can not at present be framed of the total outstanding debt of the Government of India at the end of the current year to enable an accurate estimate of next year's provision under Reduction or Avoidance of Debt but it may safely be assumed that the provision in 1932-33 will not be less than that in the current year and may be 20 to 30 more.

29. As explained in the Honourable the Finance Member's statement, it is proposed to reduce the total provision in the two years by the amount of the uncovered deficit during that period, that is, on present estimates 4,94.

Currency and Mint.

30. As pointed out in the Financial Secretary's explanatory memorandum in connection with the budget of the current year, the estimates under this group depend on the transactions connected with the securities in the Paper Currency Reserve and the circulation of nickel coin. Owing to the cancellation of treasury bills in the Reserve and a large return of nickel coin from circulation on account of prevailing depression, there will be a deterioration of 53 under this group of which 43 is the estimated loss on nickel coin circulation.

Extraordinary Items.

31. Provision has been made for a reduction of 23 under Extraordinary receipts in the current year as under the Hoover proposals nine months' Reparation receipts will not be forthcoming. The net receipts will be 7 against 30 in the current year's budget.

Other Heads.

32. The other variations in the current year under heads not specified above result in a net improvement of 30 as compared with the budget, which is chiefly due to an all round reduction in expenditure.

The 29th September, 1931.

H. DENNING.

Supplementary note on Retrenchment in the civil and posts and telegraphs departments.

1. A convenient summary of the recommendations of the General Purposes Sub-committee will be found on page 70 of their report. The two largest items are Civil Aviation and the Survey of India. The proposal to hold in abeyance the Indian State Air Service has already been accepted by Government, while the recommendations regarding the Survey of India are undergoing detailed but urgent examination, as it will be necessary to come to a decision before the survey parties would ordinarily take the field.

2. The Public Works, Accounts and Audit Departments Sub-committee has recommended a reduction of nearly 3 lakhs in the Irrigation grant and of nearly 32 lakhs in the Civil Works grant. The total of these two grants in 1931-32 is 172 lakhs, excluding the block grant for road development. In addition they have pointed out that by closing the New Delhi capital estimates a sum of about 12 lakhs yearly (representing rents and charges for electricity and water, etc.) may be legitimately credited to revenue. All these economies Government are expecting to effect. They are also hoping to save something by charging certain maintenance costs of communications in centrally administered areas to the Road Fund, if the Assembly assents to the Resolution on the subject.

3. Under Audit and Accounts Government have already taken steps to stop the experiment of the separation of accounts and audit in the civil departments. By these and other means proposed by the retrenchment sub-committee Government expect to realise a gross saving of most of the sum of 15½ lakhs recommended by that sub-committee. Of this sum about 12½ lakhs affect the two civil grants 43-Audit and 37-Separation of Accounts from Audit aggregating 116½ lakhs.

4. The Stationery Retrenchment Sub-committee has recommended a reduction of about 16½ lakhs in the net grant of 63½ lakhs for 1931-32 under Stationery and Printing. Government expect to achieve this, but 10 lakhs, representing a reduction of the abnormal carryover of stock in 1931-32, will have to be restored in 1933-34.

5. The Stores Retrenchment Sub-committee has proposed retrenchment amounting to 3¾ lakhs in the net grant of 8.32 lakhs for the Indian Stores Department.

6. The activities of Government within the purview of the General Purposes Sub-committee regarding which the sub-committee has not yet reported include the revenue earning departments under the Central Board of Revenue, the Secretariat departments of the Government of India, the activities under the Commerce Department, and the centrally administered areas and sphere of the Foreign and Political Department. It is hoped to effect a net saving of 90 lakhs in these departments, taking into account expenditure on Census.

7. The actual economies proposed by the Posts and Telegraphs Retrenchment Sub-committee (excluding the effect of a cut in the pay of present incumbents) aggregate Rs. 14.30 lakhs immediately and Rs. 44.23 lakhs ultimately.

8. A statement showing the effect of the above retrenchments is appended. The last column of the statement shows the net saving after allowing roughly for the cost of compensation to retrenched staff.

STATEMENT.

	Budget, grant, 1931-32.	Reduction in 1932-33.	Net Saving.
Field covered by General Purposes Sub-Committee	321.77	121.21	100
Field not yet covered by General Purposes Sub-Committee including Census	1,758.39	120	90
P. W. Grants	172.17	34.79	60
(out of New Delhi account)	..	12.00	
Stationery and Printing	63.29	16.56	
Audit (Civil)	116.56	12.43	
(P. & T.)	..	2.55	
(Railways)	..	.50	
Indian Stores Department	8.32	3.77	
Posts and Telegraphs	..	14.30	
Total (lacs)	24,40.50	338.11	250

GOVERNMENT OF INDIA.
LEGISLATIVE DEPARTMENT.

New Delhi, the 28th November 1931.

The following Act, which has been assented to by the Governor General under the provisions of clause (b) of sub-section (1) of section 67-B of the Government of India Act, and has been expressed to be made by the Governor General under the provisions of sub-section (2) of the same section, is hereby published for general information :—

(Made by the Governor General on the 28th November 1931.)

An Act to supplement the Indian Finance Act, 1931, and to extend the operation of its temporary provisions.

WHEREAS it is expedient to supplement the Indian Finance Act, 1931, and to extend the operation of its temporary provisions to the financial year beginning on the 1st April 1932 ; It is hereby enacted as follows :—

1. This Act may be called the Indian Finance (Supplementary and Extending) Act, 1931.
Short title.
2. The operation of section 2 of the Indian Finance Act, 1931, fixing the rate of salt duty for the year beginning on the 1st April, 1931, of section 5 of the said Act and the Third Schedule thereto as amended by section 6 of this Act, fixing inland postage rates for the said year, and of section 7 of the said Act and the Fourth Schedule thereto as amended by sections 7, 8 and 9 of this Act, fixing rates of income-tax and super-tax for the said year, is hereby extended to the 31st day of March 1933.
Extension to the next financial year of the operation of the temporary provisions of the Indian Finance Act, 1931.
3. (1) The amendments specified in Part I of Schedule I to this Act shall be made in Schedule II to the Indian Tariff Act, 1894, and the Indian Finance Act, 1931. **VIII of 1894.**
Amendment of the Second Schedule to the Indian Tariff Act, 1894, and the Indian Finance Act, 1931.
- (2) The amendment specified in Part II of Schedule I to this Act shall be made in Schedule II to the Indian Finance Act, 1931.
4. Where any goods chargeable with a duty of customs under Part II, Part IV, Part V, Part VI or Part VII of Schedule II to the Indian Tariff Act, 1894, as amended by section 3, or under any of the said Parts read with any other enactment or with any notification of the Governor General in Council for the time being in force, are assessed to duty, there shall be levied and collected as an addition to and in the same manner as the total amount so chargeable, a sum equal to one quarter of such total amount :
Additional customs duties.

Provided that salt chargeable with duty under Item No. 35 of the said Part II shall not be liable to two such additions of duty :

Provided further that such addition of duty shall not be levied and collected on —

(a) raw cotton, comprised in Item No. 41A.

(b) dyes and colours, comprised in Item No. 58A, or

(c) machinery, comprised in Items Nos. 59A, 59B, 59C and 59D, of the said Schedule as amended by section 3.

5. Where any salt, motor spirit, kerosene or silver chargeable with duty under the Indian Salt Act, 1882, or under the Motor Spirit (Duties) Act, 1917, or under the Indian Finance Act, 1922, or under the Silver (Excise Duty) Act, 1930, or under any of the said Acts read with any other enactment or with any notification of the Governor General in Council for the time being in force, is assessed to duty, there shall be levied and collected, as an addition to and in the same manner as the total amount so chargeable, a sum equal to one quarter of such total amount.

6. In section 5 of the Indian Finance Act, 1931, the following proviso shall be added, namely :—
Increase of certain inland postage rates.

“ Provided that from a date to be appointed in this behalf by the Governor General in Council, by notification in the Gazette of India, each rate specified in the said Schedule in respect of letters and single postcards shall be increased by one quarter of an anna and the rate specified in respect of reply postcards shall be increased by half an anna.”

Lowering of limits of total income liable to income-tax. 7. (1) In Part I of Schedule IV to the Indian Finance Act, 1931, for the item—

“ When the total income is less than Rs. 2,000 .. Nil.”

the following shall be substituted, namely :—

“ When the total income is Rs. 1,000 or upwards but is less than Rs. 2,000. Four pies in the rupee.” :

Provided that for the year beginning on the 1st day of April 1931, the rate chargeable on any such total income shall be two pies in the rupee only.

(2) For the purpose of assessing and collecting the tax imposed by the proviso to sub-section (1),—

XI of 1922. (a) the Indian Income-tax Act, 1922, shall be deemed to be subject to the adaptations set out in Part I of Schedule II to this Act, and

(b) the Central Board of Revenue may make rules—

XI of 1922. (i) making such further adaptations in the Indian Income-tax Act, 1922, as may seem to it to be necessary to secure that the tax shall be equitably levied, and

(ii) regulating the procedure of income-tax authorities in securing the assessment and collection of the tax and the granting of refunds arising therefrom.

8. (1) In respect of the year beginning on the 1st day of April, 1931, each rate of income-tax and super-tax specified in Schedule IV to the Indian Finance Act, 1931, excluding the rate imposed by section 7, shall be increased by one-eighth of its amount.

(2) For the purpose of assessing and collecting the additional tax imposed by sub-section (1),—

(a) the Indian Income-tax Act, 1922, shall be deemed to be subject to XI of 1922. the adaptations set out in Part II of Schedule II to this Act, and

(b) the Central Board of Revenue may make rules—

(i) making such further adaptations in the Indian Income-tax Act, XI of 1922. 1922, as may seem to it to be necessary to secure that the additional tax shall be equitably levied, and

(ii) regulating the procedure of income-tax authorities in securing the assessment and collection of the tax and the granting of refunds arising therefrom.

9. In respect of the year beginning on the 1st day of April 1932, each rate of income-tax and super-tax specified in Schedule IV to the Indian Finance Act, 1931, excluding the rate imposed by section 7, shall be increased by one-fourth of its amount.

10. In sub-section (7) of section 19 of the Indian Paper Currency Act, X of 1923. Amendment of section 19, Act X of 1923, for the figures "1932" the figures "1933" shall be substituted.

SCHEDULE I.

(See section 3.)

PART I.

Amendments to be made in Schedule II of the Indian Tariff Act, 1894.

1. Item No. 7 shall be deleted.

2. In Part I, the heading "DYES AND COLOURS" and Item No. 14C shall be omitted.

3. In Part I, the heading "MACHINERY", and Items Nos. 18A, 18B, 18C and 18D shall be omitted.

4. In Item No. 27A, for the figures "1 4" in the last column the words "One rupee" shall be substituted.

5. In Item No. 34,—

(a) in sub-item (1), for the figures "23" the figure "8" shall be substituted;

(b) sub-item (2) shall be omitted; and

(c) sub-items (3) and (4) shall be re-numbered as sub-items (2) and (3).

6. After Item No. 41, and under the general head "II.—Raw Materials and produce and articles mainly unmanufactured", the following heading and item shall be inserted, namely:—

"TEXTILE MATERIALS.

41A | Cotton, raw | Pound | Six pies."

SCHEDULE I—*contd.*PART I—*contd.*

7. In Part II, under the general head "*III.—Articles wholly or mainly manufactured*", the following heading and item shall be inserted, namely :—

"APPAREL.

41B	Boots and Shoes	..	<i>Ad valorem</i>	..	20 per cent. or 4 annas per pair whichever is higher."
-----	-----------------	----	-------------------	----	---

8. In Item No. 43C, for the figures " $7\frac{1}{2}$ " in the last column, the figures " $12\frac{1}{2}$ " shall be substituted.

9. In Item No. 45A, after the word "silk", wherever it occurs, the words "or artificial silk" shall be inserted.

9A. In Item No. 46D, for the figure "5", the figure "8" shall be substituted.

10. In Part IV, under the general head "*III.—Articles wholly or mainly manufactured*", the following heading and item shall be inserted, namely :—

"DYES AND COLOURS.

58A	Dyes derived from coal-tar, and coal-tar derivatives, used in any dyeing process."
-----	--

11. After Item No. 59, the following heading and items shall be inserted, namely :—

"MACHINERY.

59A Machinery, namely, such of the following articles as are not otherwise specified :—

- (1) prime-movers, boilers, locomotive engines and tenders for the same, portable engines (including power-driven road rollers, fire engines and tractors), and other machines in which the prime-mover is not separable from the operative parts;
- (2) machines and sets of machines to be worked by electric, steam, water, fire or other power, not being manual or animal labour, or which before being brought into use require to be fixed with reference to other moving parts;
- (3) apparatus and appliances, not to be operated by manual or animal labour, which are designed for use in an industrial system as parts indispensable for its operation and have been given for that purpose some special shape or quality which would not be essential for their use for any other purpose;
- (4) control gear, self-acting or otherwise, and transmission-gear designed for use with any machinery above specified, including belting of all materials (other than cotton, hair and canvas ply) and driving chains, but excluding driving ropes not made of cotton;
- (5) bare hard-drawn electrolytic copper wires and cables and other electrical wires and cables, insulated or not and poles, troughs, conduits and insulators designed as parts of a transmission system, and the fittings thereof.

Note.—The term 'industrial system' used in sub-clause (3) means an installation designed to be employed directly in the performance of any process or series of processes necessary for the manufacture, production or extraction of any commodity.

SCHEDULE I—*contd.*PART I—*contd.*

59B The following TEXTILE MACHINERY AND APPARATUS by whatever power operated, namely, healds, heald cords and heald knitting needles; reeds and shuttles; warp and weft preparation machinery and looms; bobbins and pirns; dobbies; Jacquard machines; Jacquard harness linen cards; Jacquard cards; punching plates for Jacquard cards; warping mills; multiples box sleys; solid border sleys; tape sleys; swivel sleys; tape looms; wool carding machines; wool spinning machines; hosiery machinery; coir mat shearing machines; coir fibre willowing machines; heald knitting machines; dobbie cards; lattices and lags for dobbies; wooden winders; silk looms; silk throwing and reeling machines; cotton yarn reeling machines; sizing machines; doubling machines; silk twisting machines; cone winding machines; piano card cutting machines; harness building frames; card lacing frames; drawing and denting hooks; sewing thread balls making machines; cumbli finishing machinery; hank boilers; cotton carding and spinning machines; mail eyes, lingoes, comber boards and comber board frames; take-up motions; temples and pickers; picking bands; picking sticks; printing machines; roller cloth; clearer cloth; sizing flannel; and roller skins.

59C PRINTING AND LITHOGRAPHIC MATERIAL, namely, presses, lithographic plates, composing sticks, chases, imposing tables, lithographic stones, stereo-blocks, wood blocks, half-tone blocks, electrotpe blocks, process blocks and highly polished copper or zinc sheets specially prepared for making process blocks, roller moulds, roller frames and stocks, roller composition, lithographic map rollers, standing screw and hot presses, perforating machines, gold blocking presses, galley presses, proof presses, arming presses, copper plate printing presses, rolling presses, ruling machines, ruling pen making machines, lead cutters, rule cutters, slug cutters, type casting machines, type setting and casting machines, paper in rolls with side perforations to be used after further perforation for type-casting, rule bending machines, rule mitreing machines, bronzing machines, stereotyping apparatus, paper folding machines, paging machines and clarified liquid glue but excluding ink and paper.

59D COMPONENT PARTS OF MACHINERY, as defined in Nos. 59A, 59B and 59C, namely, such parts only as are essential for the working of the machine or apparatus and have been given for that purpose some special shape or quality which would not be essential for their use for any other purpose :

Provided that articles which do not satisfy this condition shall also be deemed to be component parts of the machine to which they belong if they are essential to its operation and are imported with it in such quantities as may appear to the Collector of Customs to be reasonable."

12. In Item No. 85,—

(a) the words " boots and shoes " shall be omitted ;

(b) after the words " silk mixtures " the words " or of artificial silk or artificial silk mixtures, and boots and shoes " shall be added.

13. In Item No. 100, after the word " silk ", wherever it occurs, except in the seventh sub-item, the words " or artificial silk " shall be inserted.

14. In Item No. 100A, after the word " silk ", wherever it occurs, the words " or artificial silk " shall be inserted.

15. After Item No. 126, the following heading and item shall be inserted, namely :—

"CHEMICAL DRUGS AND MEDICINES.

127 | CAMPHOR."

SCHEDULE I—*concl'd.*

PART I—*concl'd.*

16. After Item No. 128, the following item shall be inserted, namely :—
"128A | ELECTRIC BULBS."

17. In Item No. 133, after the word "silk", wherever it occurs, the words
"or artificial silk" shall be inserted.

PART II.

Amendment to be made in Schedule II to the Indian Finance Act, 1931.

In the entry relating to "Part IV, Nos. 58 to 64 inclusive", for the words
 in the second column the following shall be substituted, namely :—

¹ "All articles for the time being included in Part IV of the Second Schedule,
 except—

- (1) Dyes and Colours, comprised in Item No. 58A, and
- (2) Machinery, comprised in Items Nos. 59A, 59B, 59C and 59D."

SCHEDULE II.

Adaptations of the Indian Income-tax Act, 1922.

PART I.

(See section 7.)

Adaptations for the assessment and collection of income-tax in the current financial year on total incomes of Rs. 1,000 and upward and less than Rs. 2,000.

1. For the purposes of the proviso to sub-section (2) of section 18 of the Indian Income-tax Act, 1922, any person responsible for paying any income less than Rs. 2,000 chargeable under the head "Salaries" shall be deemed to have failed to deduct income-tax at the time of making all payments made before the commencement of this Act, and such person may make the adjustments permitted by that proviso.

2. Notwithstanding that the Income-tax Officer has assessed the total income of an assessee under section 23 of the Indian Income-tax Act, 1922, and has found that nothing is payable thereon, he may proceed to determine the sum payable by such assessee by virtue of section 7 of this Act, and such sum shall, for the purposes of the Indian Income-tax Act, 1922, be deemed to be a sum determined under section 23 of that Act.

PART II.

(See section 8.)

Adaptations for the assessment and collection of additional income-tax and super-tax in the current financial year.

1. For the purposes of the proviso to sub-section (2) of section 18 of the Indian Income-tax Act, 1922, any person responsible for paying any income chargeable under the head "Salaries" shall be deemed to have made a deficient

SCHEDULE II—*concl'd.*PART II—*concl'd.*

deduction in respect of the additional income-tax imposed by section 8 of this Act at the time of making all payments made before the commencement of this Act, and such person may make the adjustment permitted by that proviso.

2. Notwithstanding that the Income-tax Officer has assessed the total income of an assessee and has determined the sum payable thereon under section 23 of the Indian Income-tax Act, 1922, he may proceed to determine the further sum payable by such assessee by virtue of section 8 of this Act, and such further sum shall, for the purposes of the Indian Income-tax Act, 1922, be deemed to be a sum determined under section 23 of that Act.



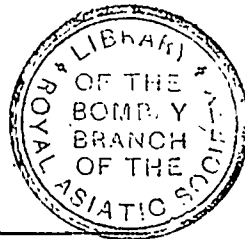
EAST INDIA (BUDGET)

Return to an Address of the Honourable the
House of Commons, dated 10th July, 1933; for,

“RETURN OF THE BUDGET OF THE GOVERNOR GENERAL OF INDIA IN COUNCIL FOR 1933-34”

India Office, }
11th July, 1933 }

L. J. KERSHAW,
Assistant Under Secretary of State for India



*Ordered by The House of Commons to be Printed
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FINANCE DEPARTMENT,

BUDGET FOR 1933-34,

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PART I.
Railway Budget.

Speech of the Railway Member

introducing the

Railway Budget for 1933-34.

The first Railway Budget which it has fallen to my lot to present to this House unfortunately covers a period of economic depression, unexampled within recent times in the severity and extent of its incidence. That the Railway estimates should reflect that depression is of course inevitable. But there are legitimate grounds for hope that we have at last touched rock bottom and that though recovery may yet be delayed, we have in all probability experienced the worst. On that assumption, we have built our estimates.

2. It is usual to preface the statement on the estimates of the year by a mention of any important changes that may have been made in the form of the Demands placed in the hands of Honourable Members. Two such have been made in the structure of our Demands for Grants on the advice of the Public Accounts Committee, and with the approval of the Standing Finance Committee for Railways. The first is the amalgamation of the Demands for strategic lines and commercial lines. The present system of having separate demands has not been found conducive to efficient control of expenditure. Strategic lines are administered as an integral part of the North Western Railway system, the expenditure on the whole of which is initially booked in one set of accounts. Only a small portion of this expenditure can be directly allocated to strategic lines; the major part being distributed between strategic railways and the commercial railways forming part of the total system proportionately according to certain formulæ. The Public Accounts Committee recommended that separate Demands for Grants for strategic lines should be done away with, but that information about the results of the working of strategic lines should be given in a separate appendix to the Book of Demands. We have adopted both these recommendations. The other change of importance is that we are showing in one Demand the total expenditure on open line works, whether the expenditure is technically met from the Depreciation Fund or charged to Capital. The past practice was originally adopted in order to emphasise the different sources from which funds were obtained. In so far as it was adopted for the purpose of controlling expenditure, the practice has, however, proved entirely ineffective, because the expenditure from the Depreciation Fund being a fixed amount, *viz.*, the original cost of the asset replaced, cannot be controlled separately. The system of having separate Grants has resulted on many railways in necessary adjustments between Capital and Depreciation Fund being postponed for fear of exceeding the Grant. Here too the Public Accounts Committee and the Standing Finance Committee for Railways were unanimous in recommending the change. The information available to the House in respect of these works will not, however, be reduced in any way; as in the combined demand the expenditure charged to capital will be shown separately from the expenditure met from the Depreciation Fund. Demand No. 10 will henceforth be utilised only to record temporary withdrawals from the Depreciation Fund, and I trust the occasion on which we shall have to use it will be rare. A third change of less importance is the addition of a new Demand for interest charges. Hitherto, interest charges

have not found a place in the Demands for Grants, because the total expenditure was non-voted. From 1933-34 it has been decided that railway revenues should bear a share of the total cost of the management of specific railway debt proportionate to the railway debentures or loans appropriated for specific railway purposes. Hitherto this had been merged in the total expenditure on management of debt in England and met from general revenues in full. Similar charges in respect of debt not specifically incurred on behalf of railways are already being met from railway revenues as the rate of interest charged takes these charges into account. This amount is votable and a Demand will consequently be placed before you for the small amount of just under 3 lakhs involved in this change. We have also made minor changes in the appendices to the memorandum on the railway budget which I shall leave Honourable Members to discover for themselves; I need only say that they have been made in order to increase the information available to this House.

Honourable Members will no doubt notice, and, I hope approve, the change in the size of the pamphlets placed before them. The Pink Books, which used formerly to be of foolscap size, have now become octavo. The change combines economy with convenience.

3. May I venture, though probably it has by now become unnecessary to do so, to remind Hon'ble Members that when notices of motions for reductions in Demands are given it would be convenient if, following the usual practice, they would indicate briefly the questions which they intend to raise? It lightens the task of Government Members, who have to reply to these points and at the same time enables them to give fuller information to the House than would otherwise be possible.

Financial Results of 1931-32.

4. Before I proceed to deal with the anticipated results of this year and the next, which primarily concern us at present, it will probably help to a better understanding of the general financial position, if I first deal briefly with last year's results. These did not differ materially from the revised estimate framed this time last year, but whatever difference there was was fortunately on the right side. The loss in the working of commercial lines turned out to be $7\frac{1}{2}$ crores, or a quarter of a crore less than anticipated, and that on strategic lines just under 2 crores. The total loss of $9\frac{1}{2}$ crores was met to the extent of just under 5 crores by the withdrawal of the uninvested balance of our reserve fund and the remainder $4\frac{1}{2}$ crores, was taken as a temporary loan from the Depreciation Fund.

Revised Estimate for 1932-33.

5. In dealing with the estimates for 1932-33 and 1933-34, I propose to follow the recommendations of the Public Accounts Committee and deal with commercial and strategic lines together. The results of the latter are more or less constant, being a loss of very near 2 crores a year and do not therefore affect comparisons to any considerable extent. Though the budget for 1932-33 was not framed on any optimistic basis and anticipated a total deficit of $7\frac{1}{2}$ crores, of which $5\frac{1}{2}$ crores was on commercial lines, our present anticipations are that the results will be $1\frac{1}{2}$ crores worse. The deterioration is entirely due to a further fall in earnings. The assumption that the volume of traffic obtained last year would not diminish has unhappily been falsified. A temporary recovery which continued through many weeks raised hopes that our budget estimate might be reached, or even exceeded, but later events proved that our hopes were premature. The position grew

rapidly worse, and our present estimate of traffic receipts is $2\frac{1}{2}$ crores below our budget figures. Allowing for the difference of classification of credits from materials returned from works not charged to revenue, we expect to fall about a crore and a third below last year's figures.

Our working expenses, on the other hand, are not expected to vary greatly from our budget estimate. Though our estimate of the savings from the emergency deductions from pay has been found to have been too high by very nearly half a crore, most of the consequent increase in our expenditure is likely to be met by reductions under other heads, particularly in the cost of fuel. Our interest charges, moreover, are less by about three quarters of a crore. owing to the fall in the rates of interest, and our total loss on all lines including 2 crores on account of strategic lines, is now expected to be $9\frac{1}{2}$ crores, a figure only slightly above the loss of last year. This sum we have to withdraw from the Depreciation Fund. The balance at the credit of that Fund, which was nearly 15 crores at the beginning of the year and which will be increased by about 8 crores owing to the net accretion due to the surplus of our payments into the Fund over withdrawals from it to meet current replacements and renewals, will in consequence be reduced to $13\frac{1}{2}$ crores.

Budget Estimate for 1933-34.

6. For the year 1933-34 we estimate that our total traffic receipts will be $88\frac{1}{2}$ crores and our total working expenses, including depreciation, just over 63 crores. Net traffic receipts will thus amount to nearly $25\frac{1}{2}$ crores. Our other receipts are diminishing as a result of the gradual reduction of our balances in the Depreciation Fund and will be practically counterbalanced by our miscellaneous charges. Taking all these into account, we calculate that our net revenue will be insufficient to meet our interest charges by about $7\frac{1}{2}$ crores. This deficit (of which $5\frac{1}{2}$ crores is in respect of commercial lines) has again to be found by a temporary loan from the Depreciation Fund, which will stand at the end of 1933-34 at $13\frac{1}{2}$ crores.

In the hope that we have plumbed the lowest depths of the present period of economic depression and we may anticipate a slight recovery, we are placing our estimate of traffic earnings about $1\frac{1}{2}$ crores or barely 2 per cent. above the current year's figures. This is practically what was actually received in 1931-32, and in view of the fact that during 1933-34 our rates of freight and fares will be at an appreciably higher level than they were during the greater part of 1931-32, I do not think that these estimates can be considered as unduly optimistic.

We estimate our working expenses next year at 25 lakhs higher than in the current year. The reduction by a half of the emergency cut in pay, after allowing for the fact that we shall no longer have to pay to the Income-tax Department the compensation we paid this year in respect of the exemption of railway staff from payment of the additional taxation imposed in November 1931, is responsible for a difference of 67 lakhs. Our estimates allow, however, for a reduction of other expenditure amounting to 42 lakhs, of which more than half is in our fuel bill. We have had to provide for a certain amount of additional expenditure on repairs and maintenance in order to maintain our existing assets in good repair, but we hope that our other operating expenses classified under the heads Administration and Operation will show a substantial decrease. Both during the current and in the past year the gratuities payable have been abnormally high owing to the large number of discharges that we had to effect. The result of these discharges on the cost of staff will be fully reflected in the expenditure for the next year, and we

have assumed that the decrease due to this cause will be at least sufficient to counterbalance the normal increase in expenditure caused by the annual increments earned by the staff. This reduction in expenditure during 1933-34 can, however, only be secured by the exercise of the most rigid control, and railway administrations will have to see that no relaxation of the economy campaign is permitted.

7. In laying these estimates before the House, I would only say that if they produce at first a depressing reaction, a more careful and detailed appreciation of the figures which are available to Honourable Members will, I am sure, result in the more comforting conclusion that, considering the conditions under which our railways are now operating, their financial position, as disclosed by these figures, is one of considerable strength and undeniable soundness. While we remember that during the two years 1930-31 and 1931-32 the deficits of Indian Railways have amounted to over 14 crores and that the estimated deficits of the next two years bring up the total to over 31 crores, let us not forget at the same time that during the first six years of this decade they earned a total surplus of over 52 crores and that the net result of these ten years after the separation of railway finances from general finances will thus be a total surplus of 21 crores. Like other railways all the world over, Indian railways are for the moment passing through a period of almost unprecedented difficulty due largely to world causes. They have suffered considerably from causes which are common to all railways, but they are not the only sufferers nor indeed the worst sufferers. A careful analysis of our position will, I think, reveal the fact that there is nothing radically wrong in it. Our net traffic receipts at present amount to about 24 or 25 crores. This means that on their capital of about 800 crores Indian Railways are still earning more than 3 per cent., which is what few other railways in the world are today in a position to do. Nor must we forget the fact that this figure of net traffic receipts is arrived at after providing for the full calculated depreciation on our assets, and that the amount paid into the depreciation reserve fund is at the present moment about 8 crores higher than the amount required during the year to meet that portion of our expenditure on renewals and replacements which the fund is expected to meet. If, instead of taking the calculated amount of depreciation, we were to take only the actual amounts required to be drawn in cash from the fund during the current year, our net traffic receipts would have amounted to 32 crores. This would have given a return of 4 per cent. on the capital invested, and our total deficits during the two years, taking both commercial and strategic lines together, would have been reduced to barely a crore. Taking commercial lines alone, we should have had profits of over 2 crores. I doubt whether any railway in the world of a comparable character could at the moment show such results.

8. I turn next to a few matters of interest which I think are of sufficient importance to merit specific mention.

First, let me advert to the subject of our new Capital expenditure during the coming year. Our capital programme for 1933-34 is a very attenuated one. Apart from the completion of our existing commitments, it provides only for bare essentials. No new lines are to be undertaken, the amount of 32 lakhs provided for new construction being only for the purpose of completing lines already begun. The total amount we expect to require for all expenditure on works not charged to revenue is 9½ crores in cash after allowing for a reduction of about 1½ crores in stores balances. Apart from the strengthening of a few bridges which we have had to undertake, the only important expenditure of any magnitude is on the purchase of a number of wagons in replacement of those which have passed

their normal lives and are proving uneconomic to maintain. We are providing for the purchase of 2,500 wagons at a cost of about 90 lakhs. While this is expected to reduce our cost of maintenance of wagons, it will afford assistance to the Indian wagon building industry at a time when orders are badly needed. I should like here to refer in passing to the suggestions that have been made from many quarters that Government should take the opportunity presented by the present comparatively low rates of interest and low prices of material, to embark on a larger programme of railway construction and development. It is undoubtedly true that the fall in the rate of interest has made certain projects which we had to lay aside as unremunerative in recent years more attractive. At the same time, it must not be forgotten that the question of the remunerativeness of new constructions will now have to be examined afresh with reference to the rival claims and possibilities of road transport much more carefully than in the past. It is, for instance, a question for careful consideration whether the facilities sought to be provided by short branch line extensions of, or feeders to, existing lines, to which a good deal of attention has been paid in India in the past, cannot be more profitably supplied as part of a co-ordinated scheme of road development. An era of cheaper money would certainly necessitate our re-examining with care and attention many schemes which would have resulted in a reduction in maintenance or operating costs, but have had to be laid aside because they were not considered remunerative when higher rates of interest prevailed. All these investigations and examinations will take some time and cannot affect the next year's budget. They will, however, receive our careful consideration, and the House may rest assured that when we come to the conclusion that it is wise and in the interests of railways and the country at large to undertake capital outlay of any sort on railway construction and development, we shall not hesitate to take the earliest opportunity of laying such proposals before you or the Standing Finance Committee for Railways.

9. There have not been wanting critics of our Depreciation Fund procedure who have suggested that one of the ways in which we could secure relief for the railway budget at this juncture is by reducing our contributions to the Depreciation Fund and that our present contributions are not only unnecessarily high but are unduly embarrassing in our present financial circumstances. These criticisms cannot be lightly brushed aside. In the ten years since the inception of the fund, i.e., during the decade 1924-25 to 1933-34, the amounts paid into the fund aggregate 122 crores, while the amounts required to be withdrawn from the fund under its rules as representing the original cost of unit assets renewed or replaced total 87 crores. Had circumstances not compelled us to take temporary loans from the fund, the balance at the end of 1933-34 would amount to about 35 crores.

The railway depreciation fund is built up by annual contributions representing roughly the value of the various classes of wasting assets included in our railway property divided by their assumed lives, different lives being assigned on basis of the past experience to each class. Such contributions are continued throughout the whole period of the assumed life of each asset, irrespective of when it is actually retired or replaced. The original cost of the asset is withdrawn from the fund when it is actually retired or replaced. Ordinarily it is to be expected that, in an expanding concern like Indian Railways, the withdrawals from a fund of this nature under present circumstances will be considerably less than the contributions to it; for the latter depend on the assets existing at present whereas the former depend on the assets in existence a number of years ago which are due for renewal or

replacement at the present moment. For instance, the contribution in respect of wagons depends on the number and value of wagons in existence now, whereas the actual replacements are proportionate to the stock of wagons as it was some 40 years ago—this being their estimated normal life—and is based on the cost at that time. Again, we have been, of recent years, replacing assets bought when prices were comparatively low and paying contributions on assets bought at higher prices. Finally, Indian Railways are still comparatively young; many of our assets have still a long useful life and their turn to be renewed or replaced has not yet come. On the other hand, it has to be remembered that no provision was made at the inception of the fund for arrears of depreciation while money has been withdrawn to meet the cost of all renewals, and we had a comparatively ambitious programme of works in the years immediately following the institution of the fund. Premature renewals have also been effected to a certain extent. Taking all factors into consideration, however, the size of the fund gives cause for serious reflection. It is not surprising to find that the view is held in some quarters that the assumed lives of the assets on which the contribution is calculated are too low and that therefore the annual contribution is excessive. This was considered by the Railway Retrenchment Sub-Committee who thought that it was probably desirable to have a special enquiry into the assumed lives of assets on railways on the basis of past experience but were unable to recommend any arbitrary variation apart from such an enquiry which they suggested should be left to experts. They drew attention to the fact that the contributions do not take into account obsolescence and that they aimed at providing at the end of the assumed lives only the original value of the asset and not the actual cost of replacement. I am not sure that we have at present enough data at our disposal to arrive at an authoritative conclusion on this question, though comparative figures which I have seen in respect of one of the largest English railways do not appear *prima facie* to support the suggestion that the lives assumed for the various classes of assets of Indian railways are unduly low.

On the other hand, it is possible to argue that the Depreciation Fund is really a Reserve Fund under another name, that, whatever may be the amount required theoretically to be put by, such considerations can apply only to normal times, and that it is doubtful whether a commercial concern in similar circumstances would provide as a matter of course for the full calculated depreciation in times of abnormal financial strain like the present. As I have already pointed out, our deficits for the two years 1932-33 and 1933-34 amounting to 17 crores are counterbalanced by allotments to the depreciation reserve fund in addition to actual requirements, to the extent of 16 crores. If we take commercial lines alone, the position is that the additional allotments amount to 15½ crores against our deficits of slightly over 13 crores. This is obviously a question which calls for careful examination.

Apart altogether from these financial considerations, it has been pointed out that the present procedure in connection with the Depreciation Fund is far too complicated and can, with advantage, be replaced by a simpler method. The Auditor-General has recently drawn attention to this in his comments on the Appropriation Report of Railways where he says :—

“It has also been suggested to me that it is questionable whether the maintenance of elaborate accounts in the present form really serves any essential purpose and that it would be more economical and might be as effective to maintain a general renewals fund built up by percentage contributions on the capital at charge.”

All these questions deserve careful and detailed examination, and it is our intention to have the whole of the arrangements connected with the Depreciation Fund investigated thoroughly during the coming year. In this connection, we have also to consider the point raised by the Public Accounts Committee this year, that it is desirable to have an early settlement of the permanent basis on which works expenditure should be charged to capital, to the Depreciation Fund, and to revenue. It is obviously desirable that the question of withdrawals from the Depreciation Fund should be considered along with the method of contributions to it. I have thought it desirable to refer to this matter at some length because of its intimate bearing on our financial position, but I cannot of course express any, even tentative, views in advance of the full examination that we propose to institute.

10. We have applied the decision arrived at in regard to cuts in the pay of the Administrative Services to the personnel of the Railways. During the coming year, therefore, Railway Staff will be subjected to half the cut imposed on them during the current year, but this will be accompanied by the withdrawal of income and super-tax privileges. The financial result will be a reduction in the savings in the coming year from about 176 lakhs net, after allowing for payments of compensation to the Income-tax Department, to 103 lakhs, while the combination of half the existing cut with the loss of the income-tax privileges will in effect secure, speaking generally, a graduated scale of salary deductions. It may be the subject of some criticism that we should have thought of giving any relief to Railway employees while our budget still showed a deficit judged according to present accounting methods and arrangements. The reply is that the maintenance of the existing deductions in the case of Railway servants while half the cut was remitted in the case of the General Administrative Services would have resulted in such markedly differential treatment as could hardly have been justified by the anticipated financial results for the coming year. Railway servants of the lowest grades, in consequence of their service in a commercial department, have hitherto been called upon to submit to deductions from which comparable categories in the general services were exempted. They must still unfortunately continue to bear a burden, though a lightened burden in view of economic conditions, but the arrangements proposed for the current year will shift to some extent the general incidence of that burden. This partial relief to Railway employees must not be construed as indicative of any slackening in our efforts after economy.

11. Honourable Members are already cognisant of the fact that Mr. Pope who has had special experience of this sort of work on the London, Midland and Scottish Railway is conducting an examination of the possibilities of securing further economies on our Railways. The subject of his special examination is the Great Indian Peninsula Railway, and with him are associated officers from other Railways, so that the methods adopted and the lines followed in this particular investigation may be applied to other Railways. His review will, it is hoped, be ready very shortly, and if, as a result, arrangements promising immediate economies and capable of immediate adoption are possible, no time will be allowed to elapse before we adopt them. In any case, we expect that the most fruitful lines of further enquiry will be indicated, and these will be pursued in the coming months. In this way we hope to achieve a twofold object, firstly, the discovery of further means of economy, and secondly, the preparation on uniform lines for all the railways of a body of accurate figures and information as to the costs of various services and as to the methods of working, which will not only enable us to check up and compare the economy

efforts made on the different systems throughout India, but will also provide the data on which the expert Committee, which we still hope to get out next winter, will be able to work.

12. We have unfortunately sustained serious losses in personnel during the year. It is with deep regret that I have to refer to the loss the Railway Rates Advisory Committee has sustained in the death of its Chairman, Sir Narasimha Sarma, and I would like to add a personal tribute of regard and respect to the memory of one who was once my official chief. The Railway Board has also recently lost, through retirement, its senior Member, Mr. Hayman, who will long be remembered for his untiring energy and extraordinary capacity for work. In conclusion, I would wish to acknowledge the loyalty and assistance I have received from all those connected with the administration of the railways with whom I have had to work. Nor must I in this acknowledgment forget those on whom rests the immediate responsibility for the day to day running of the great machine who have had a specially difficult burden to bear.

BUDGET

of the

Railway Revenue and Expenditure of the Governor-General in Council, AS LAID BEFORE THE Indian Legislature, 1933.

RAILWAY DEPARTMENT;
New Delhi, the 9th February 1933.

P. R. RAU,
Financial Commissioner of Railways.

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1.—Statement of the Revenue of the Central

HEADS OF REVENUE.	ACCOUNTS, 1931-32.				REVISED ESTIMATE,	
	India.	England.	Exchange.	TOTAL.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
XI.—State Railways—						
(a) Commercial lines—						
Gross receipts—						
Passenger traffic earnings—						
Upper class . . .	3,39,36,000	...	...	3,39,36,000	3,10,00,000	...
Third class . . .	25,13,99,000	...	...	25,13,99,000	25,75,00,000	...
Other coaching traffic earnings.	6,12,38,439	...	...	6,12,38,439	4,75,25,000	...
Goods traffic earnings .	54,08,60,529	...	...	54,08,60,529	53,54,50,000	...
Sundry earnings . . .	1,80,87,502	2,826	13	1,80,40,341	1,66,47,000	3,000
Credits for materials released from works chargeable to the Depreciation Fund.	...	...	...	...	1,32,50,000	...
TOTAL EARNINGS . . .	90,14,71,469	2,826	13	90,14,74,308	90,83,72,000	3,000
Deduct—						
{ Refunds of Revenue collected.	11,07,062	...	...	11,07,062	13,75,000	...
{ Earnings of worked lines.	5,07,00,839	...	...	5,07,00,839	5,00,00,000	...
Earnings of State Railways.	84,06,03,568	2,826	13	84,06,06,407	85,10,97,000	3,000
Suspense	34,49,428	...	...	34,49,428	...	...
Gross receipts of State Railways.	85,31,12,990	2,826	13	85,31,15,835	85,10,07,000	3,000
Deduct—Working expenses of State Railways.*	60,48,58,284	52,01,371	31,488	60,95,91,143	60,43,62,000	48,30,000
Surplus profits paid to Indian States and railway companies.	64,18,908	...	...	64,18,868	65,25,000	...
Net receipts	24,23,35,844	—51,98,545	—31,475	23,71,05,824	24,11,10,000	—49,27,000
(b) Strategic lines—						
Gross receipts . . .	1,31,71,266	...	...	1,31,71,266	1,30,25,000	...
Deduct—Refunds of Revenue collected.	11,994	...	...	11,994	25,000	...
Working expenses . . .	1,81,47,090	...	...	1,81,47,090	1,99,21,000	4,000
Net receipts	—49,87,818	...	...	—49,87,818	—62,21,000	—4,000
Total net receipts, Commercial and Strategic lines.	23,73,48,026	—51,98,545	—31,475	23,21,18,006	23,48,89,000	—49,31,000
XII.—Subsidized Companies—						
Government share of surplus profits, etc.	18,55,631	88,405	020	14,74,556	20,80,000	70,000
XII-A—Miscellaneous Railway Receipts—						
(a) Commercial lines—						
Interest on Depreciation and Reserve Fund balances.	86,77,253	...	...	86,77,253	60,66,000	...
Dividend on investments in branch lines and other Miscellaneous Receipts.	12,40,048	...	...	12,40,048	8,50,000	...
(b) Strategic lines—						
Interest on Depreciation Fund balances.	1,639,932	...	...	6,39,932	7,33,000	...
TOTAL RECEIPTS . . .	24,92,91,080	—51,10,140	—30,855	24,41,50,085	24,55,18,000	—48,61,000
XII-B.—Transfers from Railway Reserve Fund.	4,95,06,000	...	...	4,95,06,000	...	...
XII-C.—Withdrawal of sums deposited on account of the Railway Depreciation Fund.	4,24,99,688	...	...	4,24,99,688	6,34,16,000	...
TOTAL	84,13,90,763	—51,10,140	—30,855	83,61,55,768	38,89,34,000	—48,61,000

* For details see statement 1(a).

BUDGET FOR 1933-34.

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Government from Railways in India and England.

1932-33.			BUDGET ESTIMATE, 1933-34.				Increase (+) Decrease (-) as compared with Revised, 1932-33.
Exchange.	TOTAL.	Increase (+) Decrease (-) as compared with Budget, 1932-33.	India.	England.	Exchange.	TOTAL.	
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
...	3,10,00,000	-30,00,000	3,16,00,000	...	...	3,16,00,000	+6,00,000
...	25,75,00,000	+30,00,000	26,05,00,000	...	...	26,05,00,000	+34,00,000
...	4,75,25,000	-24,75,000	4,50,00,000	...	...	4,50,00,000	+4,75,000
...	53,84,50,000	-1,00,50,000	55,00,00,000	...	...	55,00,00,000	+1,15,50,000
...	1,66,50,000	-3,50,000	1,63,13,000	3,000	...	1,63,15,000	+1,65,000
...	1,23,50,000	+2,50,000	1,22,60,000	...	...	1,32,60,000	+10,000
...	90,33,73,000	-3,16,25,000	91,95,73,000	3,000	...	91,95,75,000	+1,03,00,000
...	13,75,000	+1,75,000	13,75,000	...	...	13,75,000	...
...	5,00,00,000	+27,00,000	4,90,00,000	...	...	4,90,00,000	-10,00,000
...	85,30,00,000	-3,45,00,000	86,91,97,000	3,000	...	86,93,00,000	+1,72,00,000
...	...	...	...	...	...	...	...
...	85,30,00,000	-2,45,00,000	86,91,97,000	3,000	...	86,92,00,000	+1,72,00,000
17,000	60,92,75,000	+11,75,00,000	60,88,99,000	48,01,000	...	61,17,00,000	+24,25,000
...	65,25,000	-14,75,000	54,00,000	...	...	54,00,000	-11,25,000
17,000	23,63,00,000	-2,43,00,000	25,68,93,000	-47,98,000	...	25,21,00,000	+1,56,00,000
...	1,30,25,000	-4,85,000	1,33,35,000	...	...	1,33,35,000	+3,00,000
...	25,000	+15,000	25,000	...	...	25,000	...
...	1,93,25,000	+3,25,000	1,93,00,000	...	...	1,93,00,000	+75,000
...	-63,35,000	-8,25,000	-60,00,000	...	...	-60,00,000	+2,35,000
17,000	22,99,75,000	-3,50,25,000	25,08,98,000	-47,98,000	...	24,61,00,000	+1,61,25,000
...	21,50,000	+3,80,000	26,65,000	93,000	...	21,58,000	+8,000
...	69,63,000	-10,98,000	64,51,000	...	...	64,51,000	-5,15,000
...	8,50,000	+2,00,000	6,50,000	...	...	6,50,000	-2,00,000
...	7,33,000	+2,83,000	8,74,000	...	...	8,74,000	+1,41,000
17,000	24,06,74,000	-2,52,91,000	26,09,38,000	-47,05,000	...	25,63,35,000	+1,55,59,000
...	...	...	...	...	...	...	...
...	9,84,16,000	+1,75,37,000	7,77,12,000	...	...	7,77,12,000	-1,67,04,000
17,000	33,40,90,000	-77,54,000	33,86,50,000	-47,05,000	...	33,39,45,000	-1,45,000

BUDGET FOR 1933-34.

1(a).—Statement of Working Expenses of

Heads of working expenses.	ACCOUNTS, 1931-32.				REVISED ESTIMATE,	
	India.	England.	Exchange.	TOTAL.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Administration	13,60,69,278	46,72,969	28,269	14,07,60,566	11,67,77,000	44,68,000
Repairs and maintenance .	13,66,70,069	...	...	13,66,70,069	15,23,00,000	...
Operation	22,70,57,794	5,28,372	3,199	22,75,89,365	24,26,85,000	6,17,000
Depreciation	13,08,49,498	...	...	13,08,49,498	13,31,00,000	...
Suspense	5,02,742	...	...	5,02,742	...	...
Emergency deductions from pay.	...	...	...	...	—1,83,25,000	—1,75,000
Payment to Income-tax Department in respect of Railway staff exempted from surcharge.	...	...	...	...	19,35,000	...
TOTAL .	63,06,99,871	52,01,371	31,468	63,59,32,230	62,88,62,000	49,30,000
Deduct—Share of Worked Lines.	2,63,41,087	...	...	2,63,41,087	2,40,00,000	...
Working Expenses .	60,43,58,784	52,01,371	31,468	60,75,91,143	60,48,62,000	49,30,000

BUDGET FOR 1933-34.

13

State Railways—Commercial Lines.

1932-33.		Increase (+) Decrease (—) as compared with Budget, 1932-33.	BUDGET ESTIMATE, 1933-34.				Increase (+) Decrease (—) as compared with Revised, 1932-33.
Exchange.	TOTAL.		India.	England.	Exchange.	TOTAL.	
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
—15,000	12,12,50,000	—5,50,000	11,54,93,000	43,57,000	...	11,98,50,000	—14,00,000
...	15,32,00,000	—2,00,000	15,50,00,000	...	...	15,50,00,000	+ 28,00,000
—2,000	24,33,00,000	—20,00,000	23,79,22,000	5,28,000	...	23,84,50,000	—43,50,000
...	18,71,00,000	+ 6,00,000	13,31,00,000	...	...	13,31,00,000	...
...	...	...	—7,75,000	...	...	—7,75,000	—7,75,000
...	—1,65,00,000	+ 45,00,000	—91,91,000	—84,000	...	—92,75,000	+ 92,25,000
...	19,38,000	—2,75,000	...	...	...	...	—10,25,000
—17,000	63,32,75,000	+ 11,75,000	63,15,49,000	48,61,000	...	63,63,50,000	+ 30,75,000
...	2,40,00,000	...	2,46,50,000	...	...	2,46,50,000	+ 6,50,000
—17,000	60,92,75,000	+ 11,75,000	60,68,99,000	48,01,000	...	61,17,00,000	+ 24,25,000

BUDGET FOR 1933-34.

2.—Statement of the expenditure on Railways charged to

HEADS OF EXPENDITURE.	ACCOUNTS, 1931-32.				REVISED ESTIMATE,	
	India.	England.	Exchange.	TOTAL.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
10. State Railways:—						
(a) Commercial lines—						
Interest—						
on Government capital at charge .	18,68,33,874	11,50,94,748	7,33,991	30,36,62,411	18,65,72,000	11,53,01,000
on capital contributed by Indian States and Companies.	4,13,274	1,20,36,041	64,411	1,31,13,756	3,80,000	1,50,35,000
Total interest commercial lines . .	16,73,46,048	12,77,30,787	7,98,432	31,57,76,167	18,69,53,000	12,82,36,000
(b) Strategic lines—						
Interest on capital at charge . .	1,48,87,450	...	...	1,48,87,450	1,46,86,000	...
TOTAL INTEREST	20,31,34,378	12,77,30,787	7,98,432	38,06,63,597	20,16,39,000	12,82,36,000
11. Subsidized Companies—						
Land and subsidy	9,17,096	...	...	9,17,096	5,00,000	...
12. Miscellaneous Railway expenditure—						
Commercial lines	28,40,980	13,32,305	7,113	41,70,498	27,11,000	13,38,000
Strategic lines	4,04,587	...	..	4,04,587	26,000	...
Payments to general revenues—						
Contribution	...	...	...	...	...	...
13A—Surplus Railway Revenue transferred to Railway Reserve Fund.	...	...	...	...	...	...
TOTAL	30,62,97,041	12,90,53,182	8,05,545	33,61,55,768	20,49,65,000	12,95,74,000

BUDGET FOR 1933-34.

16

the revenue of the Central Government in India and in England.

1931-32.			BUDGET ESTIMATE, 1933-34.				
Exchange.	TOTAL	Increase (+) Decrease (-) as compared with Budget, 1932-33.	India.	England.	Exchange.	TOTAL.	Increase (+) Decrease (-) as compared with Revised 1932-33.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
-3,99,000	30,13,74,000	-71,12,000	18,63,10,000	11,55,24,000	...	30,17,34,000	+3,60,000
-45,000	1,33,70,000	-4,51,000	3,60,000	1,26,31,000	...	1,29,91,000	-3,79,000
-4,44,000	31,47,44,000	-75,63,000	18,65,70,000	12,61,55,000	...	31,47,35,000	-19,000
...	1,46,60,000	-1,71,000	1,45,95,000	...	...	1,45,95,000	-91,000
-4,44,000	32,94,20,000	-77,34,000	20,11,65,000	12,61,55,000	..	32,93,20,000	-1,10,000
...	5,90,000	-1,10,000	7,50,000	...	...	7,50,000	+1,60,000
-5,000	40,44,000	+1,04,000	25,68,000	12,77,000	...	38,45,000	-1,69,000
...	26,000	-14,000	30,000	...	...	30,000	+4,000
...	...	...	...	...	...	...	...
...	...	...	...	...	...	...	...
-4,49,000	33,40,90,000	-77,64,000	20,45,13,000	12,94,32,000	...	33,30,45,000	-1,45,000

BUDGET FOR 1933-34.

2(a).—Contribution from Railway to General Revenues, 1932-33.

(Based on actuals, 1930-31.)

	Rs.	Rs.
1. 1 per cent. on capital of 7,35,94,69,937 at charge, commercial lines		7,35,94,699
2. (i) Receipts—Commercial lines—		
Gross traffic receipts	93,02,16,065	
Subsidiary Companies' share of surplus profits	20,36,173	
Interest on Depreciation and Reserve Fund balances	1,26,86,183	
Dividend on investments in branch lines and other miscellaneous receipts	20,01,701	
(ii) Charges—Commercial lines—		95,30,80,722
Working expenses	65,26,88,857	
Indian States and Railway Companies' share of surplus profits	1,16,20,532	
Interest—		
On capital at charge	29,87,05,389	
On capital contributed by Indian States and Companies	1,37,58,731	
Land and subsidy	5,80,392	
Miscellaneous railway expenditure	61,90,043	
Contribution at 1 per cent. on capital at charge	7,35,94,899	1,05,71,66,843
(iii) Deficit		10,41,86,121
(iv) Contribution of one-fifth of surplus		...
3. (i) Total contribution from railway revenues [1 plus 2 (iv)]	...	7,35,94,699
Deduct—Loss on strategic lines borne by railway revenues—		
(i) Interest on capital	1,40,91,014	
(ii) Loss in working	60,45,593	
		2,13,36,606
(ii) Net payment due from railway to general revenues in 1932-33	...	5,22,58,393

BUDGET FOR 1933-34.

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2(a).—Contribution from Railway to General Revenues, 1933-34.

(Based on actuals, 1931-32.)

	Rs.	Rs.
1. 1 per cent. on capital of 7,33,81,96,265 at charge, commercial lines		7,23,51,962
2. (i) Receipts—Commercial Lines—		
Gross traffic receipts	86,31,15,835	
Subsidised Companies' share of surplus profits	14,74,856	
Interest on Depreciation and Reserve Fund balances	86,77,253	
Dividend on investments in branch lines and other miscellaneous receipts	12,40,048	
(ii) Charges—Commercial Lines—		88,45,07,992
Working expenses	60,95,91,143	
Indian States and Railway Companies' share of surplus profits	64,18,868	
Interest—		
on capital at charge	30,26,63,411	
on capital contributed by Indian States and Companies	1,81,13,756	
Land and subsidy	9,17,096	
Miscellaneous railway expenditure	41,70,488	
Contribution at 1 per cent. on capital at charge	7,23,81,962	
		1,00,92,55,724
(iii) Deficit		14,47,47,732
(iv) Contribution of one-fifth of surplus		...
3. (i) Total contribution from railway revenues [1 plus 2 (iv)]		7,23,81,962
Deduct—Loss on strategic lines borne by railway revenues—		
(1) Interest on capital	1,48,87,430	
(ii) Loss in working	47,52,483	
(iii) Interest on the amount of loss in working met from Depreciation Reserve Fund of commercial lines	5,54,838	
		2,01,94,751
(ii) Net payment due from railway to general revenues in 1933-34	...	5,21,87,221

3.—Statement of receipts of the Central Government in India and England for State

HEADS OF ACCOUNT.	ACCOUNTS, 1931-32.				REVISED ESTIMATE,	
	India.	England.	Exchange.	TOTAL.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
XLI.—Capital contributed by Railway Companies and Indian States towards outlay on State Railways	...	..	...	...	...	1,03,40,000

BUDGET FOR 1933-34.

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Capital Contributed by Railway Companies and Indian States towards outlay on Railways.

1932-33.		Increase (+) Decrease (-) as compared with Budget, 1932-33.	BUDGET ESTIMATE, 1933-34.				Increase (+) Decrease (-) as compared with Revised, 1932-33.
Exchange.	TOTAL.		India.	England.	Exchange.	TOTAL.	
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
-36,000	1,03,04,000	+1,03,04,000	...	...	...	...	-1,03,04,000

BUDGET FOR 1933-34.

4.—Statement of the Capital Expenditure of the

HEADS OF EXPENDITURE.	ACCOUNTS, 1931-32.				REVISED ESTIMATE,	
	India.	England.	Exchange.	TOTAL.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Railway Capital not charged to Revenue:—						
53.—Construction of State Railways:—						
(a) Commercial Lines—						
Open Line Works—						
Rolling Stock				3,08,00,000		
Other Works				3,55,81,944		
New Construction . . .				2,78,81,000		
Suspense				—1,98,31,000		
Emergency deductions from pay.				—2,10,000		
TOTAL	4,07,94,819	2,62,12,722	2,14,603	6,72,21,944	36,38,000	1,10,00,000
(b) Strategic Lines—						
Open Line Works—						
Rolling Stock				1,85,000		
Other Works				4,11,307		
New Construction . . .				61,000		
Suspense				—9,76,000		
Emergency deductions from pay.				...		
TOTAL	—3,21,603			—3,21,603	—6,00,000	...
TOTAL COMMERCIAL AND STRATEGIC LINES	4,04,72,926	2,62,12,722	2,14,603	6,69,00,251	30,38,000	1,10,00,000
53-C.—Discharge of Debentures	6,63,212	...	...	6,63,212	...	44,47,000

BUDGET FOR 1933-34.

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Central Government in India and England on Railways.

1932-33.			BUDGET ESTIMATE, 1933-34.				Increase (+) Decrease (—) as compared with Revised, 1932-33.
Exchange.	TOTAL.	Increase (+) Decrease (—) as compared with Budget, 1932-33.	India.	England.	Exchange.	TOTAL.	
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
	—23,00,000	—89,25,000				79,43,000	+1,02,43,000
	2,59,50,000	—1,25,50,000				3,42,07,000	+82,57,000
	66,00,000	—35,50,000				32,25,000	—33,75,000
	—1,51,00,000	...				—1,19,80,000	+31,20,000
	—5,50,000	—75,000	...	...	...	—2,95,000	+2,55,000
—38,000	1,46,00,000	—2,61,00,000	2,01,00,000	1,80,00,000	...	3,31,00,000	+1,85,00,000
	—11,25,000	—11,50,000				57,000	+11,62,000
	5,30,000	—2,80,000				5,93,000	+73,000
	15,000	+15,000				...	—15,000
	...	...				—7,46,000	—7,45,000
	—13,000	+15,000				—5,000	+5,000
...	—8,00,000	—14,00,000	—1,00,000	...	...	—1,00,000	+5,00,000
—33,000	1,40,00,000	—2,75,00,000	2,00,00,000	1,80,00,000	...	3,30,00,000	+1,90,00,000
—15,000	44,32,000	+44,32,000	...	...	...	...	—44,32,000

BUDGET FOR 1933-34.

A.—Railway Depreciation Reserve Fund.

	Accounts, 1931-32.	Budget Estimate, 1932-33.	Revised Estimate, 1932-33.	Budget Estimate, 1933-34.		Accounts, 1931-32.	Budget Estimate, 1932-33.	Revised Estimate, 1932-33.	Budget Estimate, 1933-34.
	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.
Opening balance.	13,91,73,358	14,57,71,858	14,56,54,937	13,67,38,937	Appropriation from Depreciation Reserve Fund.	13,52,12,361	13,18,79,000	14,94,16,000	13,72,12,000
Appropriation to Depreciation Reserve Fund.	18,46,83,040	13,70,00,000	18,75,00,000	13,75,00,000	Closing balance.	14,56,54,937	15,08,92,858	13,67,38,937	13,70,38,937
TOTAL	27,38,67,298	28,27,71,858	26,61,54,937	27,42,38,937	TOTAL	27,38,67,298	28,27,71,858	26,61,54,937	27,42,38,937

BUDGET FOR 1933-34.

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B.—Railway Reserve Fund.

	Accounts, 1931-32.	Budget Estimate, 1932-33.	Revised Estimate, 1932-33.	Budget Estimate, 1933-34.		Accounts, 1931-32.	Budget Estimate, 1932-33.	Revised Estimate, 1932-33.	Budget Estimate, 1933-34.
	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.
Opening balance.	5,41,87,114	46,81,114	46,81,114	46,81,114	Appropriation from Re- serve Fund.	4,95,06,000	...	...	...
Appropriation to Reserve Fund.	...	...	...	...	Closing Balance.	46,81,114	46,81,114	46,81,114	46,81,114
TOTAL	5,41,87,114	46,81,114	46,81,114	46,81,114	TOTAL	5,41,87,114	46,81,114	46,81,114	46,81,114

Speech by the Hon'ble Sir Guthrie Russell, Chief Commissioner of Railways, in presenting the Railway Budget for 1933-34 in the Council of State.

Sir,

I have the honour to present a statement of the estimated revenue and expenditure of the Governor General in Council for the coming year in respect of Railways. In these times the presentation of such a statement is bound to be rather depressing, but I shall endeavour to show the Council that depressing as the figures which I shall give them may appear on the surface, a detailed examination of the position will show that the finances of Indian Railways, though they cannot be said to be flourishing, are at least sound, and that when better times return there is little doubt that the Railways will react to these and again show an appreciable profit to their shareholders, the taxpayers of India.

2. Following the precedent of previous years I shall give a short account of the results of the year 1931-32, and our estimates of the final results of the year 1932-33. These are based on the latest figures of traffic available, but it must be understood that they may very easily be upset by circumstances over which we have no control. They are merely an estimate based on the information available, and on the analogy of the movement of traffic in previous years. Finally I shall present to the Council our budget estimate for the year 1933-34. If, as I have explained, there are difficulties in forecasting the results of a year which has only 6 or 7 weeks to run, the Council will realise that these difficulties are considerably increased when we endeavour to forecast what is going to happen a year hence. I know I have the sympathy of the Council and that they realise the difficulties in making a forecast which is susceptible to a change in world conditions quite independent of local conditions in India. I shall also endeavour to show that though of necessity certain of our activities have had to be curtailed, these, with few exceptions, have not been abandoned altogether and that machinery is there to start up again as soon as times improve. Further, that despite shortage of money, essential works have not been neglected and the property has been maintained in good condition.

To summarise the results of the year 1931-32. These can be discussed in a few words as they are already well known to the Members. When I last addressed the Council, I anticipated that there would be a loss in commercial and strategic lines combined of 9.47 crores and that to meet this it would be necessary to absorb the full balance in the Reserve Fund of 4.95 crores and to borrow 4.52 crores from the Depreciation Fund. The actual result was we found we had over-estimated our loss by 27 lakhs so that we had to borrow only 4.25 crores from the Depreciation Fund. This left a balance in the Depreciation Fund of 14.87 crores, or nearly a crore more than at the end of the previous financial year.

3. I now turn to the current year. When I placed the Budget Estimate for the year before the Council I stated that though we had allowed for no increase in traffic we anticipated a small increase in earnings on account of certain increases in rates and fares which had been brought into force during the year. On this assumption we placed our gross traffic receipts at 87.65

crores. As regards our working expenses, we estimated these at 60·81 crores, including our contribution to the Depreciation Fund. How far have our anticipations been justified by results? Despite the increased rates and fares our gross revenue has fallen short of our anticipations by 2·45 crores, and we expect that our working expenses will exceed by 12 lakhs our estimate. This increase is entirely due to the fact that owing to the rather meagre data at our disposal we estimated the cut in pay would save us 230 lakhs, whereas in the result the saving was only 185 lakhs, or 45 lakhs less. It will thus be seen that apart from the cut in pay we have reduced our working expenses by 33 lakhs compared with our budget provision. Allowing for credits on returned material, interest on Depreciation Fund, etc., we arrive at the result of a total revenue of 86·20 crores against total charges of 93·52 crores, giving a deficit of 7·32 crores. To this has to be added the loss on strategic lines of 2·02 crores. This gives a total deficit on the year's working of 9·34 crores, which, as last year, we propose to meet by a temporary loan from the Depreciation Fund. Our contribution to the Depreciation Fund under the present system for this year will be 13·75 crores, against an expenditure of 5·60 crores which in normal circumstances should have increased our balance in the Fund to 8·15 crores, but as I have already explained it will be necessary to borrow 9·34 crores from the Fund to meet our charges, so in the result our accumulations in the Depreciation Fund will be reduced by 1·19 crores, leaving, however, still a substantial balance of 13·68 crores in the Fund.

4. Finally I come to the most difficult part of my task—estimating the results of the coming year 1933-34. This task is difficult at all times, but I am quite sure the Council will agree with me that it has seldom been more difficult than to-day. I do not want to be unduly optimistic, nor yet unduly pessimistic. During the past few weeks we have had on several occasions to entirely recast our estimates. There have been times when it appeared that there were faint signs of returning prosperity and that the pendulum was beginning to swing in our favour, unfortunately on each occasion our hopes have been unfulfilled.

5. Despite this, however, we have, after considerable hesitation, decided that there are reasonably safe grounds for assuming that we have tided over the worst of the present period of economic depression, and that there are prospects of a very slight improvement in our railway earnings next year. On this assumption we place our gross traffic receipts from commercial lines at 86·92 crores. Our other receipts will be slightly less owing to the reduction in our balance in the Depreciation Fund during the previous year and we finally place our total receipts at 87·84 crores. For our ordinary working expenses we have budgeted for a further reduction of 41 lakhs, but this is offset by the reduction by a half of the emergency cut in pay. The net increase in working expenses on account of this amounts to 65 lakhs, making the total increase 24 lakhs. We thus arrive at the following results:

	Crores.
Total receipts from commercial lines . . .	87·84
Total expenditure, including interest charges . . .	93·64

showing a loss on commercial lines of 5·80 crores. To this has to be added the estimated loss on strategic lines of 1·97 crores, giving a total deficit of 7·77 crores. Our contribution to the Depreciation Fund will be 13·75 crores, and the estimated expenditure therefrom 5·95 crores, so that the difference between the contribution and the expenditure will exceed the amount it is proposed to borrow by 3 lakhs, and the balance in the Fund at the end of the year should

be 13·71 crores. It is interesting to note that if we had not had to adopt the temporary expedient of borrowing from the Depreciation Fund to meet our obligations, the balance in the Fund at the end of the year 1933-34 would have been 35·07 crores.

6. I am afraid the quotation of this mass of figures must have proved rather wearisome to the Council, and the tale of deficits must have made rather dismal hearing, but as I said at the commencement of my speech I shall endeavour to show that the situation is not quite so bad as it looks. Our net traffic receipts, that is total earnings less ordinary working expenses including our contribution to the Depreciation Fund, have in the past two years amounted to between 23 and 24 crores, and if we were a Board of Directors, meeting to decide what dividend we should declare to our shareholders, we would be in the happy position of, in these depressing days of railways earnings, being able to declare a dividend of about 3 per cent on our capital of approximately 800 crores. This, after making a very generous contribution to the Depreciation Fund. Actually, during the years 1931-32 and 1932-33, the contribution to the Fund has exceeded the requirements for these years by about 13½ crores. This being the position, I feel quite certain that at least a proportion of this mythical Board of Directors would have advocated the increasing of our dividend and the reduction of our contribution to Depreciation. I know of few Railways in the world which are in this position today. I do not know if many of the Hon'ble Members of this Council make a habit of reading the reports of other railway concerns throughout the world. If not, I would urge them to do so, as it would certainly tend to make them take a more optimistic view of Indian railway finances. Even the Canadian Pacific Railway, which is looked upon by many as the premier railway of the world, shows a drop of earnings of 41 million dollars in 1931 over the previous year. The situation in the United States of America is even worse. A few days ago I saw a report by a firm of American brokers which states that the results of 1932 show that the United States of America Railways have as a whole earned only 75 per cent. of their fixed charges. The report goes on to state that unless there is an improvement in traffic a number of railways will have to face the possibility of Receiverships during the present year unless there is a large expansion of Government aid.

7. Encouraging though these figures may appear, I feel quite sure that many Hon'ble Members of this Council will desire an assurance, and rightly so, that, even though our house is in better order than the houses of some others, the Railway Administrations are not sitting back in their chairs and doing nothing to still further improve our position. How is this being done? There are only two methods by which our net earnings can be increased, either by an increase in our gross earnings, or by a reduction in our working expenses. Again, there are only two ways of increasing gross earnings, firstly by an increase in rates and fares. This, however, especially in these depressing times may prove to be a double-edged weapon, and if care is not taken the law of diminishing returns may begin to operate. The second way is to reduce rates to encourage traffic. I can assure the Council that possibilities in both these directions are being explored from day to day by the Railway Board and Railway Administrations throughout India.

8. Then as regards working expenses, I have shown that there has been a gradual reduction in these from year to year, but I must remind the Council that as the years go on these reductions must become less and less spectacular and though I do not say that even now every possible avenue of economy

has been explored in the direction of saving money, there is a very definite limit beyond which it is not safe to go.

9. I mentioned in my speech last year the work of the Railway Subcommittee of the Retrenchment Advisory Committee, and their recommendation that a small Committee of financial and railway experts should be appointed to undertake a full and detailed enquiry into the working of the various departments of the railway administration. I informed the House that it had not been possible to obtain suitable personnel for this enquiry, and the difficulty of obtaining a full representative committee of experts still persists. We are, however, extremely grateful to Sir Josiah Stamp, President of the London, Midland and Scottish Railway, for placing at our disposal during the present cold weather his economy expert, Mr. F. A. Pope, who has for some years past been engaged in analysing the work of many of the departments of the L. M. and S. Railway and showing how economies could be effected. Mr. Pope is now engaged on his investigation of our methods with the assistance of four of our senior railway officers especially selected for their intimate knowledge of the railway branches to which they belong. I feel confident that the enquiry will be of the utmost value ; all the more so because Mr. Pope has associated with him four officers possessed of many years' experience of Indian Railways. Mr. Pope will give us the value of his expert knowledge, and the officers associated with him will, with their experience of Indian procedure, best be able to apply his system of analysis to the many branches of work done on our railways.

10. It must be realised as inevitable that any reduction in working expenses means a reduction in staff. During the year 1932-33 Government found it necessary to resume retrenchment of railway staff which had, with minor exceptions, been suspended since July 1931. In all it was found that about 9,000 men were surplus, but to minimise hardship as far as possible it was decided to offer more favourable terms to encourage voluntary retirement, and I am glad to say that between four and five thousand, or about 50 per cent. of the whole, have already availed themselves of these terms. I think, moreover, it is probable that a good proportion of the balance will also do so as the terms of voluntary retirement have in certain instances been extended beyond the original time limit fixed, which was October 31st, 1932.

11. Retrenchment of staff has been inevitable but I do not wish the House to think that nothing constructive as regards staff has been done during the year. Though restricted by financial considerations we have made certain progress in matters affecting staff welfare. For instance, the Hours of Work Rules introduced originally on the North Western and East Indian Railways were extended to the Great Indian Peninsula and Eastern Bengal Railways ; and other railway administrations, to which the regulations have not yet been statutorily enforced, have been instructed constantly to revise their hours of work where the latter are unreasonable, so as to bring them into conformity with the new rules, and the Railway Board are keeping closely in touch with this important question.

12. In my speech last year I also alluded to Staff Benefit Funds and Relief of Indebtedness among the lower paid staff and progress has been made in both directions. Staff Benefit Funds which were introduced on State-managed lines in 1931 have been, or will shortly be, introduced on all Company-managed lines, and a Lower Paid Staff Fund to relieve indebtedness among the lower ranks of the staff is now in existence on the East Indian

and the North Western Railways. Should the results of working show that it is a success, the extension of the principle will be recommended to other railways.

13. There is one factor which has undoubtedly had an effect on our railway earnings. I refer to motor competition. The House has doubtless seen allusions in the Press to an enquiry recently undertaken for the Government of India into the subject of co-ordination of the road and rail systems of transport of the country. As is well known, road development and motor transport have made considerable strides in India during the last few years and have been especially stimulated by the inauguration of the Central Road Development account which was the principal outcome of the Indian Road Development Committee. Much has been done to improve the standard of main trunk roads in India to make them suitable for motor traffic, and as many of these main trunk roads run side by side with railways, the public motor vehicles plying over them have to some extent been taking traffic from the railways, especially short distance passenger traffic. We have no reason to think that this process has developed very far in India, but in other countries competition between road and rail transport has grown to such an extent as to be wasteful and uneconomic, and it is important that we should learn by the experience of other countries and avoid their mistakes. This can probably best be done by adopting as early as possible a policy of co-ordinating the two systems of transport so that they become complementary and not competitive. With this end in view Government last year appointed a small touring committee who were instructed to visit all Provinces to consult Local Governments, Railway Administrations and public bodies on this important question. The Committee were asked to prepare a Report which has just been published and which will form the basis of discussion at a conference which Government intend to hold in April. Government propose to invite to this Conference not only the representatives of Local Governments and Railways, but also of unofficial bodies interested in the motor industry and road development. It is hoped that as a result of the deliberations of this Conference a well balanced policy will be formulated for correlating and developing the two forms of transport so as to give India the best and most economical transport system.

14. I must now once again enter the realm of figures while I give a short account of our activities on new works during the current year and place before the Council our capital and depreciation fund programme for the ensuing year. We have been pressed from many sides to undertake a large programme of new construction and rehabilitation with the object of stimulating trade and industry, and of being in a position to meet the trade revival when it comes. There is a certain amount of force in the arguments used, and we have not lost sight of these in framing our programme for the ensuing year. This has been designed to help trade and industry, to place the Railways in a position to meet any increase of traffic which can reasonably be expected, and to ensure more economical working. It may be considered that we have not gone as far as we might have done, but it must be remembered that though an increase in our works programme may give a temporary stimulus to trade and industry, unless there are very definite prospects that the works undertaken will be remunerative in the near future, the result will be the saddling of Railways with a load of debt which would require to be met with a further increase in rates and fares, a contingency which we are particularly desirous of avoiding as it must react on trade and industry and delay their revival. We believe our programme allows for all really essential works. For example, the construction of the Chambal and Sindh Bridges on the Great Indian Peninsula

Railway, which with the completion of the relaying beyond Jhansi, which it is hoped to undertake within the next two years, will enable heavy engines, with consequent heavier loads, to run between Bombay and Delhi. This will increase the capacity of the line and ensure more economical working. Then the replacement of 3,000 uneconomical wagons with 2,500 wagons of higher tare capacity will cheapen the cost of transport and maintenance. We hope that these 2,500 wagons are only a first instalment, and that we shall be able in succeeding years to continue this renewal policy, and if traffic justifies it, speed it up. I would also draw attention to the reconstruction of the Nerbudda Bridge on the Bombay, Baroda and Central India Railway. This will remove the last weak link on that Railway's main line to the north. The only other important works to which reference need be made are the remodelling of the Salt Cotaurs Yard on the Madras and Southern Mahratta Railway near Madras, and the remodelling of Hubli Station on the same Railway, both works overdue. As regards new construction, about 2/3 crore is being spent during the current year and 32 lakhs had been allowed for the year 1933-34. These sums have been provided to complete works already started during the more prosperous years, and no new projects are being undertaken. We have, however, not lost sight of the fact that when prosperity returns there will be a demand for new Railways to develop the country. For example, we have just completed a fresh engineering survey of the Bombay-Sind connection, and we are now undertaking a fresh traffic survey so that we may be in a position to start work on this very important work when and if traffic justifies. In the result our programme necessitates the provision of 5½ crores from the Depreciation Fund, and 3 crores of capital during 1932-33. This is to a certain extent offset by allowing for a reduction of 1½ crores in stores balances, giving a total expenditure from capital and depreciation of 7 crores during the year. During 1933-34 our expenditure on open line works under capital and depreciation is expected to amount to 10½ crores, of which 6 crores will be derived from the Depreciation Fund. Of this amount 1½ crores is required for work in progress, about 4½ crores for track renewals, and 2½ crores for rolling stock. We anticipate a further reduction of about 1½ crores in stores balances, so the net expenditure under capital and depreciation will amount to about 9 crores.

15. I would be failing in my duty if before I sat down I did not bring to the notice of the Council the valuable services which have been rendered to the country by the Agents, officers and staff of all Railways during the current year. This year, like its predecessor, has been a difficult one. In fact in many ways it has been more difficult than its predecessor in that whereas in that year the cut in pay only operated for 3 months, this year it has been in operation for the full 12 months. In addition various allowances have had to be reduced or withdrawn altogether. Despite this, generally everyone has shown the same devotion to duty and given the same loyalty as we have come to expect from our railway officers and staff. I must also make some reference to the changes which have occurred in the personnel of the Railway Board during the past year. We have lost the services of Sir Alan Parsons, Mr. Hannay, Mr. Brayshay, and Mr. Hayman, but I am glad to say the services of the first three are not lost to the country, and though Sir Alan Parsons may have gone to another Department of the Government of India he is at all times ready and willing to help the Railways in their problems. Mr. Hannay and Mr. Brayshay continue to render valuable services to the Railways of India, one as the Agent of a State-managed Railway, the other as the Agent of a Company-managed Railway. Mr. Hayman has, however, definitely severed his connection with Indian Railways. Mr. Hayman has

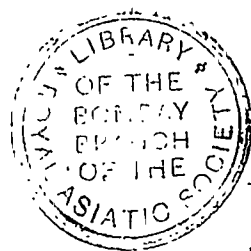
had a great career. Starting at the lowest rung of the ladder, he climbed to the top purely by merit. The vast knowledge which he accumulated in the various important posts which he has held and his outstanding ability were of immense value to the Railway Board and the Government of India, and his place will be difficult to fill. I am quite sure the Council would desire me to wish him success in his new sphere of activity. Also during this year we have lost the services of Sir B. N. Sarma, for close on 7 years President of the Rates Advisory Committee. During his tenure of office Sir B. N. Sarma has always had the confidence of the Commercial Community and the Railway administrations in the difficult tasks he has had to perform. His death is a great loss to India.

BUDGET FOR 1933-34.

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Details of voted and non-voted amounts included in the Demands for grants of the Central Government on Railways for the year 1933-34.

Number of Demand	Service to which demand relates.	Amount.		
		Voted.	Non-voted.	Total.
		Rs.	Rs.	Rs.
	Expenditure charged to Revenue.			
1	Railway Board	8,31,000	4,19,000	12,50,000
2	Inspection	82,000	2,28,000	3,10,000
3	Audit	12,30,000	4,25,000	16,55,000
4	Working Expenses Administration	10,30,00,000	1,05,50,000	11,35,50,000
5	Working Expenses : Repairs and maintenance and Operation	38,12,50,000	1,00,000	38,13,50,000
6	Companies' and Indian States' share of surplus profits and net earnings.	54,00,000	..	54,00,000
9	Appropriation to Depreciation Fund	13,75,00,000	..	13,75,00,000
11	Miscellaneous Expenditure] .	5,00,000	9,10,000	14,10,000
12	Appropriation to the Reserve Fund	..	..	..
14	Interest charges	2,83,000	32,90,37,000	32,93,20,000
	Expenditure not Charged to Revenue.			
7	New Construction	31,25,000	75,000	32,00,000
8	Open Line Works	8,92,00,000	1,00,000	8,93,00,000
10	Appropriation from Depreciation Fund	7,77,12,000	..	7,77,12,000
13	Appropriation from the Reserve Fund	..	..	..



BUDGET*

of the

Railway Revenue and Expenditure of the Governor-General in Council, February, 1933.

RAILWAY DEPARTMENT;
New Delhi, the 27th February 1933.

P. R. RAU,
Financial Commissioner of Railways.

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* Published with Government of India, Finance Department, Resolution No. 2181-B., dated the 5th April 1933.

1.—Statement of the Revenue of the Central

HEADS OF REVENUE.	ACCOUNTS, 1933-32.				REVISED ESTIMATE,	
	India.	England.	Exchange.	TOTAL.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
XI.—State Railways—						
(a) Commercial lines—						
Gross receipts—						
Passenger traffic earnings—						
Upper class . . .	3,39,86,000	...	...	3,39,86,000	3,10,00,000	...
Third class . . .	25,13,99,000	...	...	25,13,99,000	25,76,00,000	...
Other coaching traffic earnings.	6,12,38,439	...	...	6,12,38,439	4,75,25,000	...
Goods traffic earnings .	54,68,60,538	...	...	54,68,60,538	53,84,50,000	...
Sundry earnings . . .	1,80,37,503	2,826	13	1,80,40,341	1,60,47,000	3,000
Credits for materials released from works chargeable to the Depreciation Fund.	...	...	...	...	1,22,50,000	...
TOTAL EARNINGS .	90,14,71,409	2,826	13	90,14,74,308	90,33,72,000	3,000
Deduct— { Refunds of Revenue collected.	11,07,062	...	...	11,07,062	13,75,000	...
{ Earnings of worked lines.	5,07,00,839	...	...	5,07,00,839	5,00,00,000	...
Earnings of State Railways.	84,96,63,568	2,826	13	84,96,66,407	85,19,97,000	3,000
Suspense . . .	34,40,438	...	...	34,40,438	...	...
Gross receipts of State Railways.	85,31,12,996	2,826	13	85,31,15,835	85,19,97,000	3,000
Deduct—Working expenses of State Railways.*	60,48,58,284	52,01,371	31,488	60,96,91,143	60,48,62,000	49,30,000
Surplus profits paid to Indian States and railway companies.	64,18,868	...	...	64,18,868	65,25,000	...
Net receipts . . .	24,23,36,844	—51,98,545	—31,475	23,71,05,824	24,11,10,000	—49,27,000
(b) Strategic lines—						
Gross receipts . . .	1,31,71,266	...	...	1,31,71,266	1,30,25,000	...
Deduct—Refunds of Revenue collected.	11,994	...	...	11,994	25,000	...
Working expenses . . .	1,81,47,090	...	...	1,81,47,090	1,99,21,000	4,000
Net receipts . . .	—41,87,818	...	...	—49,87,818	—62,21,000	—4,000
Total net receipts, Commercial and Strategic lines.	23,73,48,026	—51,98,545	—31,475	23,91,18,006	23,48,89,000	—49,31,000
XII.—Subsidized Companies—						
Government share of surplus profits, etc.	13,85,831	88,405	620	14,74,855	20,50,000	70,000
XII-A.—Miscellaneous Railway Receipts—						
(a) Commercial lines—						
Interest on Depreciation and Reserve Fund balances.	86,77,253	...	...	86,77,253	69,60,000	...
Dividend on investments in branch lines and other Miscellaneous Receipts.	12,40,048	...	...	12,40,048	8,50,000	...
(b) Strategic lines—						
Interest on Depreciation Fund balances.	6,39,932	...	...	6,39,932	7,35,000	...
TOTAL RECEIPTS .	24,93,91,080	—51,10,140	—30,855	24,41,50,085	24,55,18,000	—48,61,000
XII-B.—Transfers from Railway Reserve Fund.	4,95,08,090	...	...	4,95,08,000	...	...
XII-C.—Withdrawal of sums deposited on account of the Railway Depreciation Fund.	4,24,90,683	...	...	4,24,90,683	0,34,10,000	...
TOTAL .	34,13,06,783	—51,10,140	—30,855	33,91,55,768	33,69,34,000	—48,61,000

* For detail see statement I(a).

BUDGET FOR 1933-34.

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Government from Railways in India and England.

1932-33.			BUDGET ESTIMATE, 1933-34.				Increase (+) Decrease (-) as compared with Revised, 1932-33.
Exchange.	TOTAL.	Increase (+) Decrease (-) as compared with Budget, 1932-33.	India.	England.	Exchange.	TOTAL.	
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
...	3,10,00,000	-30,00,000	3,16,00,000	...	...	3,16,00,000	+6,00,000
...	25,75,00,000	+30,00,000	26,09,00,000	...	...	26,09,00,000	+34,00,000
...	4,75,25,000	-24,75,000	4,50,00,000	...	...	4,50,00,000	+4,75,000
...	53,54,50,000	-1,90,50,000	55,00,00,000	...	...	55,00,00,000	+1,15,50,000
...	1,06,50,000	-3,50,000	1,68,13,000	3,000	...	1,68,15,000	+1,65,000
...	1,22,50,000	+2,50,000	1,22,60,000	...	...	1,22,60,000	+10,000
...	90,33,75,000	-2,16,25,000	91,95,72,000	3,000	...	91,95,75,000	+1,62,00,000
...	13,75,000	+1,75,000	13,75,000	...	...	13,75,000	...
...	5,00,00,000	+27,00,000	4,90,00,000	...	...	4,90,00,000	-10,00,000
...	85,20,00,000	-2,45,00,000	86,91,07,000	3,000	...	86,92,00,000	+1,72,00,000
...	...	...	...	...	...	...	...
...	85,30,00,000	-2,45,00,000	86,91,07,000	3,000	...	86,92,00,000	+1,72,00,000
-17,000	60,92,75,000	+11,75,00,000	60,08,99,000	48,01,000	...	61,17,00,000	+24,85,000
...	65,25,000	-14,75,000	64,00,000	...	...	64,00,000	-11,25,000
17,000	23,62,00,000	-2,42,00,000	25,68,98,000	-47,98,000	...	25,21,00,000	+1,59,00,000
...	1,30,25,000	-4,85,000	1,33,25,000	...	...	1,33,25,000	+3,00,000
...	25,000	+15,000	25,000	...	...	25,000	...
...	1,92,25,000	+2,25,000	1,93,00,000	...	...	1,93,00,000	+75,000
...	-62,25,000	-8,25,000	-60,00,000	...	...	-60,00,000	+2,25,000
17,000	22,99,75,000	-2,50,25,000	25,08,98,000	-47,98,000	...	24,61,00,000	+1,61,25,000
...	21,50,000	+3,50,000	20,65,000	93,000	...	21,58,000	+8,000
...	69,66,000	-10,99,000	64,51,000	...	...	64,51,000	-5,15,000
...	8,50,000	+2,00,000	6,50,000	...	...	6,50,000	-2,00,000
...	7,33,000	+2,83,000	8,74,000	...	...	8,74,000	+1,41,000
17,000	24,06,74,000	-2,52,91,000	26,09,38,000	-47,05,000	...	25,62,33,000	+1,56,59,000
...	...	...	...	...	...	...	...
...	9,34,16,000	+1,75,37,000	7,77,12,000	...	...	7,77,12,000	-1,57,04,000
17,000	33,40,90,000	-77,54,000	33,86,50,000	-47,05,000	...	33,39,45,000	-1,45,000

BUDGET FOR 1933-34.

1(a).—Statement of Working Expenses of

Heads of working expenses.	ACCOUNTS, 1931-32.				REVISED ESTIMATE,	
	India.	England.	Exchange.	TOTAL.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Administration	13,60,59,278	46,72,999	28,259	14,07,80,586	11,67,77,000	44,88,000
Repairs and maintenance .	13,66,70,059	...	...	13,66,70,059	15,23,00,000	...
Operation	22,70,57,794	5,28,373	3,199	22,75,89,365	24,26,85,000	6,17,000
Depreciation	13,03,49,498	...	...	13,03,49,498	13,31,00,000	...
Suspense	5,62,742	...	...	5,62,742	...	...
Emergency deductions from pay.	...	...	...	...	—1,83,25,000	—1,75,000
Payment to Income-tax Department in respect of Railway staff exempted from surcharge.	...	...	...	...	19,35,000	...
TOTAL .	63,06,99,871	52,01,371	31,458	63,59,32,389	62,53,62,000	49,30,000
Deduct—Share of Worked Liner.	2,63,41,087	...	...	2,63,41,087	2,40,00,000	...
Working Expenses .	60,43,58,284	52,01,371	31,488	60,65,91,148	60,43,62,000	49,30,000

BUDGET FOR 1933-34.

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State Railways—Commercial Lines.

1932-33.		Increase (+) Decrease (—) as compared with Budget, 1932-33.	BUDGET ESTIMATE, 1933-34.				Increase (+) Decrease (—) as compared with Revised, 1932-33.
Exchange.	TOTAL.		India.	England.	Exchange.	TOTAL.	
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
—15,000	12,12,50,000	—5,50,000	11,54,93,000	43,57,000	...	11,98,50,000	—14,00,000
...	15,22,00,000	—2,00,000	15,50,00,000	...	...	15,50,00,000	+ 28,00,000
—2,000	24,33,00,000	—20,00,000	23,79,22,000	5,28,000	...	23,64,50,000	—48,50,000
...	13,31,00,000	+ 0,00,000	13,31,00,000	...	...	13,31,00,000	...
...	...	...	—7,75,000	...	...	—7,75,000	—7,75,000
...	—1,65,00,000	+ 48,00,000	—91,81,000	—84,000	...	—92,75,000	+ 92,35,000
...	19,25,000	—2,75,000	...	...	...	...	—19,25,000
—17,000	63,32,75,000	+ 11,75,000	63,15,48,000	48,01,000	...	63,63,50,000	+ 30,75,000
...	2,40,00,000	...	2,46,50,000	...	...	2,46,50,000	+ 6,50,000
—17,000	60,92,75,000	+ 11,75,000	60,68,98,000	48,01,000	...	61,17,00,000	+ 24,25,000

BUDGET FOR 1933-34.

2.—Statement of the Expenditure on Railways charged to

HEADS OF EXPENDITURE.	ACCOUNTS, 1931-32.				REVISED ESTIMATE,	
	India.	England.	Exchange.	TOTAL.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
10. State Railways:—						
(a) Commercial lines—						
Interest—						
on Government capital at charge .	18,68,33,674	11,50,94,746	7,33,991	30,26,63,411	18,65,72,000	11,53,01,000
on capital contributed by Indian States and Companies.	4,13,274	1,26,36,041	61,441	1,31,13,756	3,80,000	1,30,36,000
Total interest commercial lines . .	18,72,46,948	12,77,30,787	7,98,432	31,57,76,167	18,69,52,000	12,82,36,000
(b) Strategic lines—						
Interest on capital at charge . .	1,48,87,430	...	...	1,48,87,430	1,46,86,000	...
TOTAL INTEREST	20,21,34,378	12,77,30,787	7,98,432	33,06,63,597	20,16,38,000	12,82,36,000
11. Subsidized Companies—						
Land and subsidy	9,17,098	...	...	9,17,098	5,90,000	...
12. Miscellaneous Railway expenditure—						
Commercial lines	28,40,930	13,22,395	7,113	41,70,438	27,11,000	13,38,000
Strategic lines	4,04,587	...	..	4,04,587	26,000	..
Payments to general revenues—						
Contribution	...	...	...	...	...	...
13A—Surplus Railway Revenue transferred to Railway Reserve Fund.	...	...	...	...	...	...
TOTAL	30,82,97,041	12,90,53,182	8,06,545	33,61,55,768	20,49,05,000	12,95,74,000

BUDGET FOR 1933-34.

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the Revenue of the Central Government in India and in England.

1931-32.			BUDGET ESTIMATE, 1933-34.				
Exchange.	TOTAL.	Increase (+) Decrease (-) as compared with Budget, 1932-33.	India.	England.	Exchange.	TOTAL.	Increase (+) Decrease (-) as compared with Revised, 1932-33.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
-8,99,000	30,13,74,000	-71,12,000	18,62,10,000	11,55,24,000	...	30,17,34,000	+3,60,000
-45,000	1,33,70,000	-4,51,000	3,60,000	1,36,31,000	...	1,39,91,000	-3,79,000
-4,44,000	31,47,44,000	-75,63,000	18,65,70,000	12,81,55,000	...	31,47,35,000	-19,000
...	1,46,56,000	-1,71,000	1,45,95,000	...	...	1,45,95,000	-91,000
-4,44,000	32,94,20,000	-77,34,000	20,11,65,000	12,81,55,000	..	32,93,20,000	-1,10,000
...	5,90,000	-1,10,000	7,50,000	...	...	7,50,000	+1,60,000
-5,000	40,44,000	+1,04,000	25,68,000	12,77,000	...	38,45,000	-1,99,000
...	26,000	-14,000	30,000	...	...	30,000	+4,000
...	...	...	...	...	...	...	...
...	...	...	...	...	...	...	...
-4,49,000	33,40,90,000	-77,54,000	20,45,13,000	12,94,32,000	...	33,39,45,000	-1,45,000

BUDGET FOR 1933-34.

2(a).—Contribution from Railway to General Revenues, 1932-33.

(Based on actuals, 1930-31.)

	Rs.	Rs.
1. 1 per cent. on capital of 7,35,94,89,937 at charge, commercial lines		7,35,94,899
2. (i) Receipts—Commercial lines—		
Gross traffic receipts	93,02,16,065	
Subsidised Companies' share of surplus profits	20,38,173	
Interest on Depreciation and Reserve Fund balances	1,20,86,183	
Dividend on investments in branch lines and other miscellaneous receipts	20,91,701	
(ii) Charges—Commercial lines—		85,30,30,722
Working expenses	65,26,68,857	
Indian States and Railway Companies' share of surplus profits	1,16,29,532	
Interest—		
on capital at charge	29,87,05,389	
on capital contributed by Indian States and Companies	1,37,58,731	
Land and subsidy	5,90,392	
Miscellaneous railway expenditure	61,90,013	
Contribution at 1 per cent. on capital at charge	7,35,94,899	1,05,71,66,843
(iii) Deficit		10,41,36,131
(iv) Contribution of one-fifth of surplus		...
3. (i) Total contribution from railway revenues [i plus 2 (iv)]	...	7,35,94,899
Deduct—Loss on strategic lines borne by railway revenues—		
(i) Interest on capital	1,46,91,014	
(ii) Loss in working	66,45,502	
		2,13,36,506
(ii) Net payment due from railway to general revenues in 1932-33	...	5,22,58,293

BUDGET FOR 1933-34.

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2 (a).—Contribution from Railway to General Revenues, 1933-34.

(Based on actuals, 1931-32.)

	Rs.	Rs.
1. 1 per cent. on capital of 7,23,81,06,205 at charge, commercial lines		7,23,81,962
2. (i) Receipts—Commercial Lines—		
Gross traffic receipts	85,31,15,835	
Subsidised Companies' share of surplus profits	14,74,856	
Interest on Depreciation and Reserve Fund balances	86,77,263	
Dividend on investments in branch lines and other miscellaneous receipts	12,40,043	
(ii) Charges—Commercial Lines—		86,45,07,992
Working expenses	80,95,91,143	
Indian States and Railway Companies' share of surplus profits	64,18,868	
Interest—		
on capital at charge	30,26,62,411	
on capital contributed by Indian States and Companies	1,31,18,756	
Land and subsidy	9,17,006	
Miscellaneous railway expenditure	41,70,488	
Contribution at 1 per cent. on capital at charge	7,23,81,962	
		1,00,92,55,724
(iii) Deficit		14,47,47,732
(iv) Contribution of one-fifth of surplus		...
3. (i) Total contribution from railway revenues [1 plus 2 (iv)]	...	7,23,81,962
Deduct—Loss on strategic lines borne by railway revenues—		
(i) Interest on capital	1,48,87,430	
(ii) Loss in working	47,52,453	
(iii) Interest on the amount of loss in working met from Depreciation Reserve Fund of commercial lines	5,54,828	
		2,01,94,741
(ii) Net payment due from railway to general revenues in 1933-34	...	5,31,87,321

BUDGET FOR 1933-34.

3.—Statement of Receipts of the Central Government in India and England for State

HEADS OF ACCOUNT.	ACCOUNTS, 1931-32.				REVISED ESTIMATE,	
	India.	England.	Exchange.	TOTAL.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
XLI.—Capital contributed by Railway Companies and Indian States towards outlay on State Railways . . .	...	...	...	...	...	1,03,40,000

BUDGET FOR 1933-34:

4.5.

Capital Contributed by Railway Companies and Indian States towards Outlay on Railways.

1932-33.		Increase (+) Decrease (-) as compared with Budget, 1932-33.	BUDGET ESTIMATE, 1933-34.				Increase (+) Decrease (-) as compared with Revised, 1932-33.
Exchange.	TOTAL.		India.	England.	Exchange.	TOTAL.	
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
-86,000	1,03,04,000	+1,03,04,000	...	...	...	...	-1,03,04,000

BUDGET FOR 1933-34.

4.—Statement of the Capital Expenditure of the

HEADS OF EXPENDITURE.	ACCOUNTS, 1931-32.				REVISED ESTIMATE,	
	India.	England.	Exchange.	TOTAL.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Railway Capital not charged to Revenue:—						
53.—Construction of State Railways:—						
(a) Commercial Lines—						
Open Line Works—						
Rolling Stock				2,08,00,000		
Other Works				3,85,81,944		
New Construction . . .				2,78,81,000		
Suspense				—1,96,31,000		
Emergency deductions from pay.				—2,10,000		
TOTAL	4,07,94,619	2,82,12,722	2,14,803	6,72,21,944	36,38,000	1,10,00,000
(b) Strategic Lines—						
Open Line Works—						
Rolling Stock				1,55,000		
Other Works				4,11,307		
New Construction . . .				61,000		
Suspense				—9,79,000		
Emergency deductions from pay.				...		
TOTAL	—3,21,693			—3,21,693	—6,00,000	...
TOTAL COMMERCIAL AND STRATEGIC LINES	4,04,72,926	2,82,12,722	2,14,803	6,89,00,251	30,38,000	1,10,00,000
53 C.—Discharge of Debentures	6,63,212	...	...	6,63,212	...	44,47,000

BUDGET FOR 1933-34.

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Central Government in India and England on Railways.

1932-33.		Increase (+) Decrease (—) as compared with Budget, 1932-33.	BUDGET ESTIMATE, 1933-34.				Increase (+) Decrease (—) as compared with Revised, 1932-33.
Exchange.	TOTAL.		India.	England.	Exchange.	TOTAL.	
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
	—23,00,000	—99,25,000				70,43,000	+1,03,43,000
	2,59,50,000	—1,26,50,000				3,42,07,000	+82,57,000
	66,00,000	—35,50,000				32,25,000	—53,75,000
	—1,51,00,000	...				—1,19,80,000	+31,20,000
	—5,50,000	—75,000	...	...	...	—2,95,000	+2,55,000
—38,000	1,46,00,000	—2,01,00,000	2,01,00,000	1,30,00,000	...	3,31,00,000	+1,85,00,000
	—11,25,000	—11,50,000				57,000	+11,52,000
	5,20,000	—2,50,000				5,93,000	+73,000
	15,000	+15,000				...	—15,000
	...	...				—7,45,000	—7,45,000
	—13,000	+15,000				—5,000	+5,000
...	—6,00,000	—14,00,000	—1,00,000	...	...	—1,00,000	+5,00,000
—32,000	1,40,00,000	—2,75,00,000	2,00,00,000	1,30,00,000	...	3,30,00,000	+1,90,00,000
—15,000	44,32,000	+44,32,000	...	...	...	...	—44,32,000

BUDGET FOR 1933-34.

A.—Railway Depreciation Reserve Fund.

	Accounts, 1931-32.	Budget Estimate, 1932-33.	Revised Estimate, 1932-33.	Budget Estimate, 1933-34.		Accounts, 1931-32.	Budget Estimate, 1932-33.	Revised Estimate, 1932-33.	Budget Estimate, 1933-34.
	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.
Opening balance.	13,01,73,358	14,57,71,358	14,56,54,937	13,67,39,937	Appropriation from Depreciation Reserve Fund.	13,53,12,361	13,16,79,000	14,04,16,000	13,72,12,000
Appropriation to Depreciation Reserve Fund.	13,46,93,940	13,70,00,000	13,75,00,000	13,76,00,000	Closing balance.	14,56,54,937	15,06,92,358	13,67,39,937	13,70,36,937
TOTAL	27,38,67,298	28,27,71,358	28,31,54,937	27,42,38,937	TOTAL	27,38,67,298	28,27,71,358	28,31,54,937	27,42,38,937

BUDGET FOR 1933-34.

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B.—Railway Reserve Fund.

	Accounts, 1931-32.	Budget Estimate, 1932-33.	Revised Estimate, 1932-33.	Budget Estimate, 1933-34.		Accounts, 1931-32.	Budget Estimate, 1932-33.	Revised Estimate, 1932-33.	Budget Estimate, 1933-34.
	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.
Opening balance.	5,41,67,114	46,81,114	46,81,114	46,81,114	Appropriation from Re- serve Fund.	4,95,06,000	...	...	...
Appropri- ation to Reserve Fund.	...	...	...	...	Closing Balance.	46,81,114	46,81,114	46,81,114	46,81,114
TOTAL	5,41,87,114	46,81,114	46,81,114	46,81,114	TOTAL	5,41,87,114	46,81,114	46,81,114	46,81,114

Explanatory Memorandum of the Railway Budget for 1933-34.

Commercial and Strategic Railways together. 1931-32.

The actual results of 1931-32 did not differ to any appreciable extent from what we anticipated when presenting the budget estimates for 1932-33. We anticipated that our total loss on working would be 9.47 crores, of which 7.44 crores would be on commercial lines and 2.03 crores on strategic lines. The free balance left of our Reserve Fund being only 4.95 crores, we proposed to meet the rest of the deficit by a temporary loan of 4.52 crores from the Depreciation Fund. In actual result, we found our total loss was 27 lakhs less and the amount that we required to borrow from the Depreciation Fund was only 4½ crores.

The expenditure from the Depreciation Fund was similarly very near anticipations. The balance at the credit of the Fund at the end of the year which, but for the temporary loan of 4½ crores to cover the deficit, would have been 19.12 crores, was still nearly a crore more than the closing balance of the previous year, and amounted to 14.87 crores.

Review of results from 1924-25 to 1933-34.

2. Before we pass on to the detailed estimates for 1932-33 and 1933-34, it would probably be useful if we give the main outlines of the results of these years as compared with past years. The statement below gives a conspectus of such results from the year in which railway revenues were separated and illustrates incidentally the serious effect of the economic depression on Indian railways.

All lines.

(Figures in lakhs of rupees.)

	Mileage open.	Gross traffic receipts.	Ordinary working expenses.	Appropriation to Depreciation Fund.	Net traffic receipts.	Net miscellaneous charges (including surplus profits payable to Companies) after deducting miscellaneous receipts.	Net revenue.	Interest charges.	Surplus.	Paid as contribution to general revenue.	Transferred to Railway Reserve.	Borrowed from Depreciation Fund.
1924-25	27,324	1,00,13	61,05	10,36	38,13	1,07	37,06	28,90	13,18	6,78	6,38	
1925-26	27,430	98,94	62,99	10,87	35,28	1,19	34,09	24,81	9,38	5,40	3,70	
1926-27	28,004	98,43	59,89	10,60	31,64	1,27	33,37	26,87	7,50	6,01	1,48	
1927-28	28,420	1,03,47	59,16	11,88	38,00	87	38,13	27,37	10,85	6,38	4,57	
1928-29	29,461	1,38,73	64,21	12,00	37,51	37	37,14	29,38	7,81	6,23	2,58	
1929-30	31,318	1,03,70	65,59	12,59	34,52	2	34,50	30,46	4,04	6,12	-2,08	
1930-31	31,489	96,10	64,39	13,07	27,64	11	27,53	32,72	-5,19	5,74	-10,93	
1931-32	31,700	88,68	49,31	13,46	23,58	-1	23,87	33,07	-9,30	...	-4,95	-425
1932-33 (Revised estimate)	31,819	88,50	49,10	13,75	23,05	5	23,00	32,94	-9,34	...	...	-934
1933-34 (Budget estimate).	31,824	88,26	49,35	13,76	26,15	-1	26,16	32,93	-7,77	...	...	-777

3. If our estimates for 1932-33 and 1933-34 are correct, Indian railways taking commercial and strategic lines together will, in the ten years after the separation, have earned a total surplus of about 21 crores.

In the first six years (1924-25 to 1929-30) they earned a surplus of $52\frac{1}{2}$ crores after meeting all interest charges and providing fully for depreciation. In the following two years, 1930-31 and 1931-32 there were deficits amounting to $14\frac{1}{2}$ crores. In the next two, viz., the current and the next years, present anticipations are that the deficits will amount to about 17 crores.

In the first six prosperous years when surpluses were being earned and in the seventh year, the first of the years of deficit, railways were able to pay an average of 6 crores a year as contribution to general revenues. In all they have paid nearly 42 crores out of the total net surpluses of $47\frac{1}{2}$ crores earned in those seven years.

The ordinary reserve which, under the convention, railways were expected to build up during years of surplus after paying the fixed contribution to general revenues, and which amounted at its highest to $18\frac{1}{2}$ crores in 1928-29, was all but exhausted in 1931-32, a small balance of less than half a crore, which was invested in securities in 1925-26 being still retained. At the same time railways have built up another reserve by setting apart from revenues during all these years, including the years of adversity as well as those of prosperity, an amount calculated to represent the depreciation on wasting assets during the year. These appropriations to the Depreciation Fund amount, in the decade we are now considering, to 122 crores; on the other hand the sums required to be withdrawn from the Fund for that part of the cost of renewals and replacements carried out during the period which, under the rules of the Fund, is debitable to it amount to 87 crores. The balance of 35 crores has enabled railways to meet their deficits without outside borrowing. The amount thus temporarily borrowed from the Fund is over 21 crores, or three-fifths of the nominal balance.

1932-33.

A.—Commercial Lines.

4. When we framed our estimates for 1932-33 about a year ago, we did not anticipate any increase in the volume of traffic, but at the same time we hoped that there would be no further deterioration. But these expectations, modest as they were, have not been realised, and in spite of alterations in rates and fares designed to bring increased revenue, there has been a further fall in our traffic earnings. Our present anticipations are that our gross traffic receipts will be a crore and a third lower than last year, and $2\frac{1}{2}$ crores less than what we provided for in the budget. On the other hand, the reductions in working expenses that we anticipated have, we are glad to say, been practically realised; indeed, apart from the cuts in pay, which are now expected to produce only 185 lakhs or nearly half a crore less than we had anticipated, the revised estimate of ordinary working expenses for the current year is 36 lakhs lower than our budget estimates. Moreover, we have had the advantage of a fall in the cost of Government borrowing during the year and our total interest charges are about $\frac{2}{3}$ of a crore less than we budgeted for and our total loss is just under $7\frac{1}{2}$ crores, or nearly $1\frac{1}{2}$ crores more than the budget estimate.

5. It must not be overlooked, however, that this heavy loss is arrived at after putting by nearly 8 crores to a depreciation reserve. The amount that we have to provide from revenue for the depreciation of our property during the year is 13.31 crores; but we shall require only 5.40 crores out of this to meet ordinary withdrawals for expenditure on renewals and replacements. If we had not to carry 7.91 crores to a reserve, or in other words, if we had provided from revenue only the cost of renewals and replacements carried out during the year which, under the present rules of allocation, is not charged to capital there would have been a gain, instead of a loss.

6. The statement below gives in broad outline an analysis of the expected results of the commercial lines in the years 1932-33 and, to anticipate a little, 1933-34 compared with the results for 1931-32. (For purposes of comparison, credits from works not charged to revenue which are being taken as additions to receipts in the two latter years have been shown similarly in 1931-32 as well).

Commercial Lines.

(Figures in lakhs of rupees.)

	1931-32, Accounts.	1932-33, Revised.	1933-34, Budget.
Gross traffic receipts (deducting refunds)	85,31	83,98	85,69
Credits for material returned from works not charged to revenue	1,69	1,22	1,23
Total receipts	87,00	85,20	86,92
Ordinary working expenses	49,62	47,62	47,86
Depreciation { Actual expenditure on renewals and replacements debitable to the Fund	7,98	5,40	5,81
Depreciation { Additional allotment to depreciation reserve	5,05	7,91	7,50
Total working expenses	62,65	60,93	61,17
Net traffic receipts	24,35	24,27	25,75
Miscellaneous Expenditure (net)	1	12	8
Net Revenue	24,34	24,15	25,67
Interest charges	31,58	31,47	31,47
Loss	7,24	7,32	5,80

In both the years, if these estimates are correct, the net loss is less than the additional allotment to a depreciation reserve, and, but for this the result would be a gain of 59 and 170 lakhs in 1932-33 and 1933-34 respectively.

7. The principal figures of the revised estimate for 1932-33 are compared as usual in the statement below with the budget estimates and the actual expenditure during 1931-32 :—

Commercial Lines.

(Figures in lakhs of rupees.)

Particulars.	Accounts, 1931-32.	1932-33.	
		Budget.	Revised.
Gross traffic receipts	85.42	86.57	84.12
Refunds of revenue	—11	—12	—14
Credits for materials returned from works not charged to revenue	..	1.20	1.22
Total	85.31	87.65	85.20
Government share of profit from subsidised companies, guarantees from local Governments, etc.	15	18	22
Interest on Depreciation and Reserve Fund balances	87	81	70
Dividends on investment in branch lines and other miscellaneous receipts.	12	6	8
Total Receipts	86.45	88.70	86.20
Working expenses (including depreciation)	62.65	60.81	60.93
Credits for material returned from works not charged to revenue	—1.63	..	..
Surplus profits payable to Indian States and Railway Companies	64	80	65
Interest charges	31.58	32.23	31.47
Miscellaneous charges	51	46	47
Total Charges	93.69	94.30	93.52
Loss	7.24	5.60	7.32

8. Notwithstanding the various increases of rates and fares given effect to during the last two years with the object of improving our revenues, our receipts in 1932-33 are expected to establish a new record as the lowest reached since 1921-22. Passenger earnings are expected to be slightly higher, than during the previous year but all other earnings, and especially goods earnings, are distinctly worse. The details of our estimates are as follows :—

Commercial Lines.

(Figures in lakhs of rupees.)

Particulars.	Actuals, 1931-32.	1932-33.	
		Budget.	Revised.
Passenger earnings	28.53	28.85	28.85
Other coaching traffic earnings	5.12	5.00	4.75
Goods earnings	54.69	55.75	53.85
Other earnings	1.80	1.70	1.67
Credits for material returned from works not charged to revenue	..	1.20	1.22
Suspense	35	..	..
Total	90.49	92.50	90.34
Refunds of revenue	—11	—12	—14
Share of Worked lines	—5.07	—4.73	—5.00
Net	85.31	87.65	85.20

BUDGET FOR 1933-34.

55.

9. Our present anticipations are that the passenger earnings that we budgeted for will be realised and that they will be 32 lakhs, or about 1% higher than last year, mainly as a result of enhancements in fares in 1931-32. The number of passengers carried in the first 7 months shows a very slight increase from 292 million to 293½ million,—the percentage being less than 2/3rd %. The total number of passenger-miles has however fallen from 10,135 million to 9,974 million, a decrease of 1½%, and the average lead per passenger has fallen from 34.71 miles to 33.95 miles. The fall in other-coaching traffic earnings more than counterbalances the slight improvement in passenger earnings.

10. The fall in our goods earnings is at present expected to be 84 lakhs or 1½%. The tonnage carried during the first 7 months shows a decrease of 3½%, having fallen from 49½ million to 47½ million. In ton-miles the decrease is still greater; it is over 7%, the ton-miles being 8,930 million as compared with 9,605 million last year. The average lead has decreased from 194.4 to 187.2 miles. The traffic carried has on the whole, been lower this year than in the last year, though there have been periods in which it has been higher. The total number of wagons loaded in the first 9 months of the year showed a decrease of 72,000. We loaded 70,000 fewer wagons under coal and coke, a decrease of under 10 %; 64,000 wagons less under grain and pulses, about 11%; and 20,600 wagons less under oil seeds, a decrease of 14 %. On the other hand, our loadings of cotton were slightly better; there was an increase of 12,500, or 16 %, as compared with the previous year. Similarly under 'miscellaneous smalls' we had a 7% increase.

11. The present estimates of working expenses are given in detail in the statement below and compared with the figures of the previous year and the figures assumed in our budget.

Commercial Lines.

(Figures in lakhs of rupees.)

	Actuals, 1931-32.	1932-33.	
		Budget.	Revised.
Administration	14.30	12.18	12.13
Repairs and Maintenance	15.44	15.24	15.22
Credits for material returned from works not charged to revenue	—1.69	..	..
Operation other than Fuel	15.81	17.23	17.38
Fuel	7.21	7.39	6.95
Depreciation	13.03	13.25	13.31
Suspense	—7	..	..
Emergency deductions from pay	—44	—2.30	—1.85
Payment to Income-tax Department in respect of railway staff exempted from surcharge	..	22	19
Total	63.50	63.21	63.33
Recoveries from Worked lines	—2.63	—2.40	—2.40
Net working expenses	60.96	60.81	60.93

12. Our total ordinary working expenses, exclusive of depreciation, will, it is now anticipated, be 6 lakhs higher than our budget mainly as a result of the fact that owing to the insufficient data at our disposal, we had seriously over-estimated the amount likely to be realised from the emergency deductions from our pay. We put it originally at 230 lakhs in the whole year; our present estimate is 45 lakhs less. Apart from this, we now anticipate that our ordinary working expenses will be 39 lakhs lower than our budget estimate. A comparison with the figures for 1931-32 is somewhat complicated by the change of procedure during the year under which credits for materials returned from works charged to the Depreciation Fund are shown under earnings instead of as a reduction of expenditure. Excluding this, our ordinary working expenses as at present estimated are nearly 2 crores less than last year, but the major portion of the difference is due to the emergency deductions from pay.

13. Owing to the changes in accounting procedure introduced in 1932-33 as a result of which certain items of expenditure previously shown under 'administration' were transferred to 'operation other than fuel', it is necessary for purposes of comparison to take these two heads together. Our present estimate of the amount required is 29.51 crores, which, though ten lakhs more than our budget, is 60 lakhs lower than last year's expenditure. The increase as compared with the budget is entirely due to the fact that our estimate of the gratuities due to be paid during the year is likely to be exceeded by over 16 lakhs. Of the decrease of 60 lakhs as compared with last year, 17 lakhs is due to a reduction in gratuities, which were particularly heavy last year owing to the large number of discharges of staff. The balance of 43 lakhs represents the result of the energetic efforts made by railway administrations to reduce expenditure. The real reduction is much more than this figure, as we must allow for the annual increase in the expenditure under these heads as a result of increments under the time-scales of pay introduced in recent years, the cost of which has not yet reached its maximum.

14. The estimated expenditure on repairs and maintenance of works and rolling stock which is very near our budget anticipations, allowing for a special accounts adjustment in our last year's accounts, is 13 lakhs below our expenditure in the last year. The decrease is entirely under rolling stock repairs as railways have gradually been reducing their workshop staff to meet the reduced quantity of work on hand.

15. There is also a large fall in the expenditure under fuel in spite of the increased surcharge. The decrease is due partly to a reduction in the price of coal and partly to less fuel consumption both as a result of the further fall in traffic and organised economies. To a small extent, it is also due to the fact that in the previous year the cost of freight on coal consumed on the North Western Railway had not been correctly distributed between the commercial and strategic sections, and this incorrect adjustment has been rectified in the accounts of the current year.

16. The appropriation to the depreciation fund is 28 lakhs higher than last year. Of this about 10 lakhs is due to certain arrears adjustments made on the North Western Railway for contributions for past years on certain electric assets that had not been made previously owing to the absence of adequate information.

The balance represents the contribution on the additions to our assets during the year which is lower than usual as a result of the slower pace of our expenditure on works.

17. The decrease in the recoveries from worked lines is mainly due to certain arrear adjustments on the South Indian Railway where some lines recently constructed had previously been treated as worked lines instead of as integral parts of the undertaking.

18. The interest charges are 76 lakhs lower than we anticipated, as a result partly of a further decrease in our capital expenditure but mainly of a lower average rate of interest than we budgeted for, due to the reduction in the rate of Government borrowing during the year. This has reduced them below the level of last year.

B.—Strategic Lines.

19. The usual figures are given below :

(Figures in lakhs of rupees.)

Particulars.	Actuals, 1931-32.	1932-33.	
		Budget.	Revised.
Gross traffic receipts	1,32	1,30	1,27
Credits for material returned from works not charged to revenue	..	5	3
Interest on balance of Depreciation Fund	6	4	7
Total receipts	1,38	1,39	1,37
Ordinary working expenses	1,44	1,52	1,53
Credits for material returned from works not charged to revenue	—4	..	..
Emergency deductions from pay	—2	—8	—5
Depreciation	43	45	44
Interest charges	1,49	1,48	1,47
Miscellaneous charges	4	1	..
Total charges	3,34	3,38	3,39
Net loss in working	1,96	1,99	2,02

The excess in ordinary working expenses in 1932-33 as compared with the previous year is mainly due to the fact that, in 1931-32, the freight on fuel was booked incorrectly, and adjustments were made in the current year to correct this mistake.

C.—Summary of Results—(All lines).

20. Our final results of working may be summarised as follows. On commercial lines, our total receipts will be 86.20 crores or $\frac{1}{4}$ crore less than last year, while our total charges will be 93.52 crores, or 17 lakhs less than last year. Our deficit will then be 7.32 crores, as compared with 7.24 crores in 1931-32. Adding the loss in strategic lines of 2.02 crores, the total loss comes to 9.34 crores, which, as last year, we propose to meet by a temporary loan from the Depreciation Fund.

The expenditure from the Depreciation Fund is expected to be 5.60 crores against a contribution of 13.75 crores, leaving a balance of 8.15 crores ; but as it is proposed to borrow 9.34 crores from the Fund to meet the deficit, the balance of the Fund will be further decreased by 1.19 crores and will amount only to 13.68 crores at the end of the year. But for these temporary loans the closing balance would have been 27.27 crores.

1933-34.

A.—Commercial Lines.

21. The main figures of our estimates for 1933-34 are given below side by side with our estimates for the current year.

(Figures in lakhs of rupees.)

Particulars.	Revised, 1932-33.	Budget, 1933-34.
Gross traffic receipts	84,12	85,83
Refunds of revenue	—14	—14
Credits for material returned from works not charged to revenue .	1,22	1,23
Total	85,20	86,92
Government share of profits from subsidized companies and guarantees from Provincial Governments.	22	22
Interest on balances of Depreciation Fund	70	64
Dividends on investment in branch lines and other miscellaneous receipts.	8	6
Total Receipts	86,20	87,84
Working expenses (including depreciation)	60,93	61,17
Surplus profits payable to Indian States and Railway Companies	65	54
Interest charges	31,47	31,47
Miscellaneous charges	47	46
Total Charges	93,52	93,64
Loss from commercial lines	7,32	5,80

22. We estimate an increase in our traffic receipts of about 1 3/4 crores, or about 2 per cent., over our receipts during the current year in the hope that we have tided over the worst of the present period of economic depression, and that 1933-34 will see the beginning of a gradual recovery. The amount is not materially higher than we actually received in 1931-32, and, remembering that in certain periods of the current year we were actually better than in 1931-32, though on the whole we were slightly worse, and that in 1933-34 we shall be on a higher level of rates and fares than during the greater part of 1931-32, we do not think we are unduly optimistic.

Our other receipts show a slight diminution mainly as a result of the gradual reduction of the balances in the Depreciation Fund.

Our total working expenses, will, it is expected, be 24 lakhs higher than in the current year. This is entirely due to the reduction by half of the emergency deductions from pay. Allowing for the cessation of the payment to the Income-tax Department in respect of the exemption from surcharge of

railway staff, the difference due to the modification in the deduction is 65 lakhs. Consequently, our estimates allow for a further net reduction in expenditure of 41 lakhs, of which more than half is in our fuel bill.

Our total loss on commercial lines will, if these estimates prove correct, be just over 5½ crores, or a crore and a half below the current year's estimate.

23. Our working expenses include 13.31 crores for payment to the Depreciation Fund. The cost of current renewals and replacements debitable to the Depreciation Fund is expected to be 5.81 crores. If we had only to provide for this and did not have to transfer an additional sum of 7½ crores to a reserve, we should have had a profit of nearly 1½ crores instead of this heavy loss.

24. A detailed comparison of the estimates of earnings will be found in the statement below.

Commercial Lines.

(Figures in lakhs of rupees.)

	Revised, 1932-33.	Budget, 1933-34.
Passenger earnings	28,85	29,25
Other coaching traffic earnings	4,75	4,80
Total	33,60	34,05
Goods earnings	53,85	55,00
Other earnings	1,67	1,68
Credits for material returned from works not charged to revenue	1,22	1,23
Total	90,34	91,96
Refunds of revenue	—14	—14
Share of worked lines	—5,00	—4,90
Net	85,20	86,92

25. The details of our estimates of working expenses are given below.

Commercial Lines.

(Figures in lakhs of rupees.)

	Revised, 1932-33.	Budget, 1933-34.
Administration	12,13	11,99
Repairs and Maintenance	15,22	15,50
Operation other than fuel	17,38	17,12
Fuel	6,95	6,73
Depreciation	13,31	13,31
Emergency deductions from pay	—1,85	—1,01
Payment to Income-tax Department in respect of railway staff exempted from surcharge	19	..
Total	63,33	63,64
Recoveries from Worked lines	—2,40	—2,47
Net working expenses	60,93	61,17

26. The decrease under 'Administration' and 'Operation' totalling 40 lakhs in all is, to the extent of 23 lakhs, under Administration and Operation. gratuities where owing to the unusual number of discharges and voluntary retirements during 1931-32 and 1932-33 we expect a considerable decrease in the amount payable ; but we also trust that the measures of economy introduced will continue to give results, and that railway administrations will not relax their efforts to find new ways of reduction of expenditure. We expect, moreover, that the reduction of expenditure on pay and allowances of staff due to discharges of staff in the last two years will counteract the increase on account of increments.

27. Under 'Repairs and Maintenance' we have had to allow for a slightly higher expenditure in 1933-34 than in the current Repairs and Maintenance. year. Some of the economies given effect to in the past year or two were, as we pointed out last year, in the nature of postponement of expenditure, such as extension of time between repairs of rolling stock. This cannot be carried on indefinitely, and we have therefore had to provide a small additional sum for 1933-34.

28. The saving under 'Fuel' is partly due to a further reduction in prices^s of coal.

29. The amount expected to be recovered from emergency deductions from pay is 84 lakhs less, as, during eleven months of 1933-34, the deduction is half that in the corresponding period of 1932-33.

30. The small increase in the share of expenditure recovered from worked lines is mainly due to the fact that in 1932-33 there were certain arrear adjustments on the South Indian Railway which abnormally reduced the figure. On the other hand the Gaekwar's Mehsana Railway, which is now being worked by the Bombay, Baroda and Central India Railway, will be transferred to the Baroda Durbar from the 1st April 1933.

31. The amount to be put aside under rules for depreciation is the same as in the current year, which was abnormally increased by adjustments of arrear payments. Depreciation. The absence of these in 1933-34 has been counterbalanced by the usual increase due to the net addition made to assets during the year.

32. Our other charges are lower next year. Surplus profits are somewhat less ; our interest charges are the same as in the current year, a fall in the average rate of interest having more than counterbalanced the small increase in the capital at charge. Other charges. The estimate includes a new charge of 3 lakhs on account of the charges for management of debt. It has been decided that from 1933-34 a share of the management charges in England in respect of railway debenture stock and on blocks of India stock raised for, or appropriated to, specific railway expenditure should be charged to railway revenues. Hitherto all charges on account of management of debt in England were debited to general revenues though railway revenues bore a proportionate share of the cost of management of debt in India, as the rate of interest charged on capital outlay made allowance for this factor.

B.—Strategic lines.

33. The position with regard to strategic lines is shown in the statement below. It does not differ materially from the current year.

(Figures in lakhs of rupees.)

	Revised, 1932-33.	Budget, 1933-34.
Gross traffic receipts	1,27	1,31
Credits for material returned from works not charged to revenue	3	2
Interest on balances of Depreciation Fund	7	9
Total receipts	1,37	1,42
Ordinary working expenses	1,53	1,51
Emergency deductions from pay	—5	—2
Depreciation	44	44
Interest charges	1,47	1,46
Miscellaneous charges	..	..
Total charges	3,39	3,39
Net loss in working	2,02	1,97

C.—Summary of Results—(All Lines).

34. On these estimates, if they prove correct, the net results of 1933-34 will show some improvement over those of the current year. Our total receipts from commercial lines should be 87·84 crores, against 86·20 crores this year. Our total expenditure, including interest charges, should amount to 93·64 crores, as compared with 93·52 crores in 1932-33. The loss of 5·80 crores from commercial lines is 1·52 crores less than the loss (7·32 crores) during the current year. The loss of 1·97 crores on strategic lines brings the total loss to 7·77 crores, to meet which we have again to fall back on the expedient of a temporary loan from the Depreciation Fund.

For current renewals and replacements on all lines, including both Commercial and Strategic lines, we shall require only 5·95 crores out of 13·75 crores that we have, under the present rules of the Depreciation Fund, to put into it. This leaves a net balance of 7·80 crores. We need not therefore trench on our previously accumulated balances and the balance of the Fund will be increased from 13·68 crores at the beginning of the year to 13·71 crores at the end. But for our temporary exigencies compelling us to borrow 21·36 crores from the Fund, the closing balance at the end of 1933-34 should have been 35·07 crores.

Contribution to General Revenues.

35. Though no contribution is payable during these years it is necessary to refer to it in this memorandum, because of certain changes in the detail of the calculation of the contribution that it is proposed to make, with effect from the accounts of 1933-34. In converting sterling liabilities into Indian currency for the purpose of calculating the capital at charge on which the contribution was based, the practice has been hitherto to take the rate of exchange at 16d. a rupee, which was the rate at the time the contribution was fixed. It was considered that this procedure was open to objection as this rate is neither the present legal rate nor the rate at which the liabilities were taken over and after considerable discussion it has been decided to make the conversion at the rate of exchange in force at the time the liabilities came into being. Secondly, while under the convention, capital contributed by Companies and Indian States was to be excluded from the capital at charge for calculating the contribution, this expression was, in practice, held not to include the share capital of the Bombay, Baroda and Central India, and South Indian Railway Companies, and £1½ million of the share capital of the Madras and Southern Mahratta Railway Company, as these amounts were not contributed by the Companies in cash but formed part of the price paid to them at the time of purchase. It has now been decided that these amounts which are, to all intents and purposes, part of the share capital of these three Railway Companies which Government are liable to repay at the time of termination of their contracts, should be treated exactly as other capital raised by them and excluded from the capital at charge on which railways are expected to pay a contribution of 1 per cent. The result of these changes is that the capital at charge at the end of 1931-32, on which contribution for 1933-34 is calculated, will be reduced from 742 crores to 724 crores and the contribution reduced by 18 lakhs.

Capital Expenditure.

36. Our works programme for the current year was expected to cost 11½ crores, of which we expected a crore and a half to be found by a reduction of stores balances and 9½ crores to be required in cash. Of this 5½ crores was to be found from the Depreciation Fund and the balance of 4½ crores was to be capital expenditure, including a crore for new lines. Our present expectations are that our total net expenditure in cash, after allowing for a reduction of stores balances by 1½ crores, will not be more than 7 crores. Our capital expenditure will, it is estimated, be less than 1½ crores owing to scrapping assets without replacement, the result of which is that our capital at charge is reduced, the original value being transferred from the Depreciation Fund. Consequently, the amount we require from our Depreciation Fund is not expected to differ from our original estimates.

37. Our works expenditure for 1933-34 is somewhat more than what we expect to spend during the current year. We expect that we shall require 9½ crores after allowing for a further reduction of stores balances, by about 1½ crores which, if these estimates prove correct, will come down to 10½ crores at the end of 1933-34.

For new construction we are providing only 32 lakhs, which is what we require to complete lines now under construction. No new lines are proposed to be started during the year.

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Neglecting the reduction of stores balances, open line works are expected to cost 10½ crores in all, out of which nearly 6 crores will be found from the Depreciation Fund. Of this amount about 1½ crores is required for works in progress, about 4½ crores for track renewals and 2½ crores for rolling stock. The amount provided for new works is under 2 crores and, as usual in recent years, more than a crore of this is on small items costing not more than a lakh each for which a lump sum is placed at the disposal of Agents to be spent at their discretion on essential items of work. The only individual new items of works of any importance for which any large provision has been made in the Budget are the reconstruction of the Sindhi and Chambal bridges on the Great Indian Peninsula Railway and of the Nerbudda bridge on the Bombay, Baroda and Central India Railway, and the regirdering of the down track of the Jumna bridge near Delhi on the North Western Railway. We are also providing 11 lakhs for starting work on two important remodelings on the Madras and Southern Mahratta Railway which could not be postponed any longer. These are the Salt Cotaurs Loco. Yard and the Hubli Station Yard, which are estimated to cost about 22 lakhs each. Another item of interest is the provision of 90 lakhs in the rolling stock programme for buying 2,500 wagons in replacement of 3,000 wagons, which have been found uneconomical to maintain. We hope in succeeding years to continue, if funds permit and traffic justifies, this programme of renewing wagons which have passed their normal life and are proving costly to maintain.

38. Finally, we wish to express our gratitude to the members of the Standing Finance Committee for Railways for the help they have given us throughout the year.

T. G. RUSSELL,

Chief Commissioner of Railways.

NEW DELHI ;

The 9th. February 1933.

P. R. RAU,

Financial Commissioner of Railways.

BUDGET FOR 1933-34.

APPENDIX I.

CAPITAL EXPENDITURE.

The total expenditure charged to capital and to the depreciation fund on State-owned railways in the three years 1931-32 to 1933-34 is set out in the table below:—

	Accounts, 1931-32.	1932-33.		Budget, 1933-34.
		Budget.	Revised.	
England—				
Sterling pay- ments, £	1,965,983	1,125,000	825,000	975,000
Converted into rupees at 1s. 6d. to the rupee. Rs.	2,62,13,241	1,50,00,000	1,10,00,000	1,30,00,000
Exchange . Rs.	2,14,603	..	— 38,000	..
Total England . Rs.	2,64,27,844	1,50,00,000	1,09,62,000	1,30,00,000
India—				
Payments in India Rs.	12,31,20,660	8,25,00,000	5,90,38,000	7,95,00,000
Total England and India. Rs.	14,95,48,504	9,75,00,000	7,00,00,000	9,25,00,000

The distribution of the above between capital and depreciation fund is as follows:—

Capital . . .	6,69,00,251	4,15,00,000	1,40,00,000	3,30,00,000
Depreciation Fund .	8,26,48,253	5,60,00,000	5,60,00,000	5,95,00,000

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2. The statement below gives a comparison of the allotments made for open lines and lines under construction during the same period (viz., 1931-32 to 1933-34) under commercial and strategic lines separately :—

(Figures in thousands of rupees.)

	Accounts, 1931-32.	Revised Estimates, 1932-33.	Budget Estimates, 1933-34.
Commercial.			
Open line (including rolling stock) { Capital .	3,93,02	81,00	2,99,00
Dep. Fund .	7,98,06	5,40,00	5,81,20
Total open lines (Commercial) { Capital .	3,93,02	81,00	2,99,00
Dep. Fund .	7,98,06	5,40,00	5,81,20
Lines under construction . { Capital .	2,79,20	65,00	32,00
Dep. Fund .	..	..	..
Total Commercial . { Capital .	6,72,22	1,46,00	3,31,00
Dep. Fund .	7,98,06	5,40,00	5,81,20
Total .	14,70,28	6,86,00	9,12,20
Strategic.			
Open line (including rolling stock) { Capital .	—3,83	—6,15	—1,00
Dep. Fund .	28,42	20,00	13,80
Lines under construction—Capital	61	15	..
Total Strategic . . . { Capital .	—3,22	—6,00	—1,00
Dep. Fund .	28,42	20,00	13,80
Total Commercial and Strategic Lines { Capital .	6,69,00	1,40,00	3,30,00
Dep. Fund .	8,26,48	5,60,00	5,95,00
Total .	14,95,48	7,00,00	9,25,00

3. The distribution of the total budget provision of 9·25 crores for 1933-34 is as follows :—

(Figures in thousands of rupees.)

Railways.	Open Lines.			New Construction.		
	Rolling Stock.	Other Items.	Total.	Lines in progress.	New Lines.	Total.
<i>State Railways managed by the State.</i>						
Burma Railways—						
<i>New Construction—</i>						
Minbu and Pakkoku District Railways.	..	..	..	2	..	2
Sagaing Bridge	..	..	..	18,48	..	18,48
<i>Open Line</i> { Capital	1,26	18,52	19,78	..	..	..
{ Dep. Fund	23	28,99	29,22	..	..	..
<i>Total</i> { Capital	1,26	18,52	19,78	18,50	..	18,50
{ Dep. Fund	23	28,99	29,22	..	..	..
Eastern Bengal Railway—						
<i>New Construction—</i>						
Kalukhali Kamarkhali Bhateapara.	..	..	..	35	..	35
Tangla Belsiri	..	..	..	50	..	50
<i>Open Line</i> { Capital	1,81	17,11	18,92	..	..	..
{ Dep. Fund	2,73	28,06	30,79	..	..	..
<i>Total</i> { Capital	1,81	17,11	18,92	85	..	85
{ Dep. Fund	2,73	28,06	30,79	..	..	..
East Indian Railway—						
<i>Open Line.</i> { Capital	25,84	51,43	77,27	..	..	..
{ Dep. Fund	79,44	74,48	1,53,92	..	..	..
<i>Total</i> { Capital	25,84	51,43	77,27	..	..	..
{ Dep. Fund	79,44	74,48	1,53,92	..	..	..

Railways.	Open Lines.			New Construction.		
	Rolling Stock.	Other Items.	Total.	Lines in progress.	New Lines.	Total.
Great Indian Peninsula Railway—						
<i>Open Line</i> . { Capital .	—3,40	9,19	5,79	..	..	..
Dep. Fund .	16,77	36,63	53,40	..	..	..
<i>Total</i> . { Capital .	—3,40	9,19	5,79	..	..	..
Dep. Fund .	16,77	36,63	53,40	..	..	..
North-Western Railway (Commercial lines)—						
<i>New Construction—</i>						
Chiniot Kushab . . .	..	..	..	15	..	15
Batala Beas . . .	..	..	..	1	..	1
Kangra Valley . . .	..	..	..	44	..	44
Sind Left Bank Feeders .	..	..	..	35	..	35
<i>Open Line</i> . { Capital .	7,16	19,74	26,90	..	..	..
Dep. Fund .	4,84	82,37	87,21	..	..	..
<i>Total</i> . { Capital .	7,16	19,74	26,90	95	..	95
Dep. Fund .	4,84	82,37	87,21	..	..	..
North Western Railway (Strategic Lines)—						
<i>Open Line</i> . { Capital .	57	—1,57	—1,00	..	..	..
Dep. Fund .	76	13,04	13,80	..	..	..
<i>Total</i> . { Capital .	57	—1,57	—1,00	..	..	..
Dep. Fund .	76	13,04	13,80	..	..	..
State Railway Collieries .	..	..	..	..	..	..
Total State Lines managed by the State. { Capital .	83,24	1,14,42	1,47,66	20,30	..	20,30
Dep. Fund .	1,04,77	2,63,57	3,68,34	..	..	..
TOTAL .	1,38,01	3,77,99	5,16,00	20,30	..	20,30

Railways.	Open Lines.			New Construction.		
	Rolling Stock.	Other Items.	Total.	Lines in progress.	New Lines.	Total.
<i>State Railways managed by Companies or Indian States—</i>						
Assam Bengal Railway—						
<i>New Construction—</i>						
Chittagong Fatikchhari (Nazirhat) . . .	..	..	..	25	..	25
Open Line {	Capital .	4,06	5,87	9,93	..	..
	Dep. Fund.	4,34	11,76	16,10	..	..
Total {	Capital .	4,06	5,87	,993	25	..
	Dep. Fund.	4,34	11,76	16,10	..	..
Bengal Nagpur Railway—						
<i>New Construction—</i>						
Raipur Vizianagram .	..	..	..	5,80	..	5,80
Open Line {	Capital .	75	23,71	24,46	..	..
	Dep. Fund.	65	35,46	36,11	..	..
Total {	Capital .	75	23,71	24,46	5,80	..
	Dep. Fund.	65	35,46	36,11	..	..
Bezawada Railway—						
Open Line—Capital .	..	6	6	..	..	..

Railways.	Open Lines.			New Construction.		
	Rolling Stock.	Other Items.	Total.	Lines in progress.	New Lines.	Total
Bengal and North-Western Railway (Tirhut Section)—						
<i>Open Line</i> .	{ Capital .	1,53	4,13	5,66	..	..
	{ Dep. Fund	1,98	4,73	6,71	..	..
Total .	{ Capital .	1,53	4,13	5,66	..	..
	{ Dep. Fund	1,98	4,73	6,71	..	..
Bombay, Baroda and Central India Railway—						
<i>Open Line</i> .	{ Capital .	10,63	33,03	43,66	..	..
	{ Dep. Fund .	14,65	54,73	69,38	..	..
Total .	{ Capital .	10,63	33,03	43,66	..	..
	{ Dep. Fund .	14,65	54,73	69,38	..	..
Dronachellam Kurnool Railway—						
<i>Open Line—Capital</i> . . .	..	71	71	..	..	..
Jodhpur Railway—						
<i>Open Line</i> .	{ Capital .	..	1,28	1,28	..	..
	{ Dep. Fund.	27	1,21	1,48	..	..

Railways.	Open Lines.			New Construction.		
	Rolling Stock.	Other Items.	Total.	Lines in progress.	New L res.	Total.
Madras and Southern Mah-ratta Railway—						
<i>Open Line</i> .	{ Capital .	10,39	22,35	32,74	..	..
	{ Dep. Fund .	13,80	37,34	51,14	..	..
Total .	{ Capital .	10,39	22,35	32,74	..	..
	{ Dep. Fund .	13,80	37,34	51,14	..	..
Rohilkund and Kumaon Railway—						
<i>Open Line</i> .	{ Capital .	61	—1,02	—41	..	..
	{ Dep. Fund .	1,35	1,6	1,51	..	..
South Indian Railway—						
<i>New Construction—</i>						
Madura Bodinayakanur .						
	..	..	..	39	..	39
Villupuram Trichinopoly .						
	..	..	..	1,03	..	1,03
Dindigul Pollachi .						
	..	..	..	89	..	89
Cuddalore Vriddhachalam						
	..	..	..	1,85	..	1,85

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Railways.	Open Lines.			New Construction.		
	Rolling Stock.	Other Items.	Total.	Lines in progress.	New Lines.	Total.
South Indian Railway—conold.						
<i>New Construction—conold..</i>						
Trichinopoly Manamadura	..	..	..	26	..	26
Polachi Palghat	..	..	..	67	..	67
Salem Attur Vriddhachalam	..	..	..	81	..	81
Open Lines	Capital	18,79	13,21	32,00	..	..
	Dep. Fund	9,19	29,04	38,23	..	..
Total	Capital	18,79	13,21	32,00	5,90	..
	Dep. Fund	9,19	29,04	38,23	..	..
Total State Railways managed by Companies or Indian States						
States	Capital	46,76	1,03,33	1,50,09	11,95	..
	Dep. Fund	46,23	1,74,43	2,20,66	..	..
Total		92,99	2,77,76	3,70,75	32,25	..
Total all State Railways.	Capital	80,00	2,17,75	2,97,75	32,25	..
	Dep. Fund	1,51,00	4,38,00	5,89,00	..	..
For emergencies	Capital	..	3,00	3,00	..	..
	Dep. Fund	..	6,00	6,00	..	..
Emergency deductions from pay	..	—2,75	—2,75	—25	..	—25
Total	Capital	80,00	2,18,00	2,98,00	32,00	..
	Dep. Fund	1,51,00	4,44,00	5,95,00	..	..
Grand Total				9,25,00		

, iture from the Depreciation Fund.

Open Line Works.

4. *Engineering, structural and other works.*—The following is the distribution of the proposed expenditure among the various classes of works comprised in this group :—

(Figures in lakhs of rupees.)			
	Capital.	Depreciation Fund.	Total.
(1) Track	87·10	331·78	418·88
(2) Bridges	62·09	47·01	109·10
(3) Traffic facilities	83·91	23·18	107·09
(4) Workshops and Loco. sheds	24·13	17·26	41·39
(5) Staff quarters	10·83	1·25	12·08
(6) Welfare Works	11·98	·92	12·90
(7) Electric installations	10·35	3·61	13·96
(8) Signalling and interlocking	11·79	5·64	17·43
(9) Electrification of track	..	..	..
(10) Removal of infringements	·61	·57	1·18
(11) Ferries	·20	·01	·21
(12) Collieries	13·75	..	13·75
(13) Emergencies	3·00	6·00	9·00
(14) Other Works	28·26	6·77	35·03
(15) Suspense (Reduction of stores balances) —	127·25	..	—127·25
(16) Emergency deductions from pay	—2·75	..	—2·75
	— — —	— — —	— — —
Total	218·00	444·00	662·00
	— — —	— — —	— — —

(1) and (2) *Track and Bridges.*—In order to be able to run the new heavy standard locomotives without restriction, the previous policy of strengthening and improving track and bridges is being pursued, though owing to the general financial stringency the programme has again had to be somewhat curtailed.

The doubling of the Roopnarain Bridge has been completed, and provision has been made only for credits on account of plant and materials. Provision has also been made for further work which is necessary on the existing down line of this bridge, on which side four 100' spans have to be replaced by stronger girders, because they are weak for modern loads.

A sum of Rs. 20 lakhs has been provided for the expenditure anticipated during 1933-34 on the renewal of the Nerbudda Bridge at Broach on the Bombay, Baroda and Central India Railway. On the Great Indian Peninsula Railway the programme of bringing up to main line standard the north-east main line between Itarsi and Agra is being continued, and this involves the re-construction of the Sindh and the Chambal bridges for which a provision of Rs. 13½ lakhs has been made. On the East Indian Railway the work of renewing the down line girders of the Barakar Bridge is expected to be completed in 1933-34, and a small amount has been provided for the completion of the work. A small amount has also been provided for starting work on the preliminary arrangements for regirding the Dufferin Bridge at Benares. On the North Western Railway it has been found necessary to start work on regirding the down line of the Delhi-Jumna Bridge, as the girders are now so weak that the running of trains over them has had to be discontinued. Provision of about Rs. 16 lakhs has been made for the completion of this work in 1933-34. On the Eastern Bengal Railway it was originally proposed to rebuild the Gorai Bridge, and provision was made in the 1932-33 budget for starting work on this rebuilding, but it has since been decided to strengthen the bridge for the present, instead of rebuilding it, and a small amount has been provided accordingly for this work. As a result of considerable changes in recent years in the course of the Ganges in the neighbourhood of the Hardinge Bridge, it has become necessary to make certain additions to the protection works of the bridge. As the matter was urgent, the work has been taken in hand during the current year and provision has been made for completing it in 1933-34. On the Burma Railways the new bridge over the Irrawady at Sagaing is expected to be completed in 1933-34, and provision of the balance of the estimated cost has been made accordingly.

A further instalment of relaying with 115 lb. section rails in the Colliery area of the East Indian Railway, and of relaying with 90 lb. section rails on the Dinapore Division of that Railway has been provided for in the budget. Similarly, a further instalment of relaying on the Burma Railways main line with 75 lb. section rails is to be carried out in 1933-34, the released rails being utilised for relaying on the Mu Valley Branch. On the North Western Railway it is proposed to renew a further length of the Delhi-Ambala-Kalka section with 90 lb. rails. On the Madras and Southern Mahratta Railway provision has been made for relaying about 40 miles on the north-east main line with 90 lb. rails. On the Assam Bengal Railway 35 miles are to be relaid, of which 15 miles on the Hill Section are to be relaid with 80 lb. second-hand rails, and the remaining 20 miles with 60 lb. new rails.

(3) *Traffic facilities.*—The work of doubling the Tundla-Etawah section of the main line on the East Indian Railway will be continued and almost completed in 1933-34, and provision has been made in the budget accordingly, leaving a small balance for completion of the work in the following year. As regards remodelling schemes, work on Erode Junction Remodelling is expected to be completed in 1933-34, and Rs. 4½ lakhs has been provided for this purpose. Provision has also been made for starting two new schemes on the Madras and Southern Mahratta, namely Salt Cotaurs Yard and Hubli Remodelling, for which works Rs. 11 lakhs are being provided in 1933-34, out of an aggregate estimated cost of about Rs. 45 lakhs. On the Burma Railways provision has been made for remodelling certain station and loco. yards on the Mu Valley line up to Naba, in order to make it possible to use YD engines on this section up to their normal train loads after the Irrawady Bridge at Sagaing has been completed.

(4) *Workshops, station and other buildings.*—Work on the Dohad shops of the Bombay, Baroda and Central India Railway is expected to be completed in 1933-34 and a small amount has been provided for this purpose. As regards the Perambur shops on the Madras and Southern Mahratta Railway a sum of about Rs. 10 lakhs is being provided for work to be done next year, which will leave about Rs. 4 lakhs to be expended in the following year for completion of the work.

(5) *Staff quarters.*—The following table shows the distribution of the proposed expenditure for the provision of quarters for the staff :—

Railways.	Officers' Quarters.		Other Quarters.		Total.
	Provision to complete bungalows under construction.	Provision for new bungalows.	Provision to complete bungalows under construction.	Provision for new quarters.	
Assam Bengal .	..	..	15	37	52
Bezwada .	..	..	..	2	2
Dronachellan and Kurnool	..	..	24	23	47
Bombay, Baroda and Central India.	..	..	15	..	15
Burma . .	..	..	..	50	50
East Indian .	..	..	96	2,93	3,89
Great Indian Peninsula.	..	..	9	57	66
Jodhpur . .	..	..	..	21	21
Madras and Southern Mahratta.	..	..	15	88	1,03
Northern (Commercial).	..	..	..	1,39	1,39
Rohilkund and Kumaon.	..	..	..	24	24
South Indian .	..	..	..	3,00	3,00
Total .	..	..	1,74	10,34	12,08

6. *Amenities for Passengers.*—The statement below shows against each Railway the expenditure proposed on the various categories under which these amenities are usually sub-divided :—

(Figures in thousands.)

Railways.	Water supply.	Waiting rooms and halls.	Indian refreshment rooms.	Booking facilities.	Latrines and sanitary arrangements.	Raised platforms.	Additions and betterments to lower class carriages.	Total.
1. Assam Bengal . . .	5	10	10	5	5	..	27	62
2. Bombay, Baroda and Central India.	1	2	..	13	5	..	2,75	2,98
3. Burma	5	10	..	..	5	..	..	20
4. Eastern Bengal . .	5	10	..	..	5	5	..	25
5. East Indian . . .	30	20	20	30	32	20	1,53	3,04
6. Madras and Southern Mahratta.	4	46	..	..	4	7	5,20	5,81
7. North-Western . .	08	80	15	10	25	40	0	1,68
8. Rohilkund & Kumaon	..	..	..	..	5	..	..	5
9. South Indian . . .	1	7	..	9	9	68	12,20	12,99
TOTAL .	1,19	1,85	45	68	95	1,25	23,03	27,58

. *Rolling Stock.*—Of the total amounts provided for expenditure on rolling stock during 1933-34, 17½ lakhs (of which about 8 lakhs are from the Depreciation Fund) are for completion of works sanctioned in previous programmes. The expenditure on new items is shown in the statement below.

	Broad Gauge.			Metre
	Additions.	Renewals.		Additions.
	Capital.	Capital.	Deprecia- tion Fund.	Capital.
I.—Locomotives—				
(a) Engines and Tenders	..	—6,02	6,02	..
(b) Boilers	..	1,56	18,50	..
(c) Miscellaneous expenditure	1,16	3,79	8,90	..
II.—Coaching Stock—				
(a) I and II Class	..	98	2,22	..
(b) Inter and III Class	..	1,39	2,45	5,61
(c) Composites	..	17	1,33	4,33
(d) Other coaches	4,87	3,60	3,01	24
(e) Miscellaneous expenditure	..	91	20	..
III.—Goods Stock—				
(a) General Service	..	19,35	70,00	..
(b) Other types	38	19	19	4,80
(c) Miscellaneous expenditure	..	1,64	34	99
Total	6,41	27,56	1,13,16	15,97

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(Figures in thousands of rupees.)

Gauge.		Narrow Gauge.			Grand Total.		
Renewals.		Additions.	Renewals.		Additions.	Renewals.	
Capital.	Depre- ciation Fund.	Capital.	Capital.	Depre- ciation Fund.	Capital.	Capital.	Depre- ciation Fund.
2,30	2,06	..	..	..	..	—3,72	8,08
94	6,35	..	38	50	..	2,88	25,35
33	20	..	..	..	1,16	4,12	9,10
3,38	3,01	..	..	..	..	4,36	5,23
51	1,65	..	..	..	5,61	55	72
3,83	5,85	..	..	..	4,33	6,45	12,62
80	2,98	..	..	..	5,11	3,30	3,93
44	..	..	..	..	..	1,35	20
6,40	4,82	..	..	..	..	25,75	74,82
14	1,11	..	30	89	5,18	63	2,19
1,00	50	..	..	..	99	2,64	84
20,07	28,53	..	68	1,39	22,38	48,31	1,43,08

The programme provides for the construction of new units of stock shown in the table below, all of which, however, will not necessarily be completed and be available for use before the 31st March 1934.

	Broad Gauge.			Metre Gauge.			Narrow Gauge.		
	Additions.	Renewals.	Total.	Additions.	Renewals.	Total.	Additions.	Renewals.	Total.
	No.	No.	No.	No.	No.	No.	No.	No.	No.
1. Locomotives . . .	..	..	..	..	21	21	..	..	..
2. Coaching vehicles (in terms of four-wheelers)—									
(a) I and II class.	..	10	10	..	32	32	..	..	..
(b) Inter and III class . . .	..	20	20	4	38	42	..	..	..
(c) Composites	26	6	32	3	49	52	..	..	..
(d) Other coaches	6	18	24	4	40	44	..	..	..
3. Goods wagons (in terms of four-wheelers)—									
(a) General Service	..	2,500	2,500	..	423	423	..	..	..
(b) Other types . . .	7	2	9	62	38	100	..	20	20

The programme also contains provision for scrapping 26 old locomotives on the Great Indian Peninsula Railway without renewals.

The following statement shows in terms of four-wheelers the details of the new units of coaching and goods stock which will be constructed as *additions* to the authorised stock of the railways :—

Railways.	Coaching Stock.						Goods Stock.			
	Broad Gauge.			Metre Gauge.			Broad Gauge.		Metre Gauge.	
	Inter and III.	Composites.	Other Coaches.	Inter and III.	Composites.	Other Coaches.	General Service.	Other Coaches.	General service.	Other Coaches.
Assam Bengal . . .	..	..	..	..	..	4	..	..	..	54
Bombay, Baroda and Central India . . .	..	..	..	..	..	..	..	..	..	4
Burma . . .	..	..	..	..	..	..	..	..	..	4
Great Indian Peninsula . . .	..	10	6	..	..	..	..	..	..	..
Madras and Southern Mahratta . . .	..	..	..	..	..	..	..	7	..	..
South Indian . . .	..	16	..	4	3	..	..	..	..	..
Total . . .	..	26	6	4	3	4	..	7	..	62

* New construction.

8. A complete list of new lines, whether under construction or likely to be commenced during the year 1933-34, for which the allotment of 32 lakhs proposed for new construction is intended, is given in the demands for grants for new construction of commercial and strategic lines. The total mileage of these new lines excluding that of the lines opened in 1931-32 aggregates 115 miles. The additions to the several main systems are indicated in the statement below :—

Railway system.	Mileage of lines in progress.	Mileage of lines, the construction of which has been sanctioned but not yet commenced.	Mileage of unsanctioned lines.	Total.
Burma	5	..	..	5
Eastern Bengal	53	..	..	53
East Indian	57	..	..	57
Total	115	..	..	115

9. It is expected that about 110 miles of railway will be opened in the current year, and about 5 miles in 1933-34. The details are as follows :—

Lines opened and to be opened in 1932-33.

	Mileage.
<i>East Indian Railway—</i>	
Lucknow-Sultanpur-Zafarabad Railway (last section)	57
<i>Eastern Bengal Railway—</i>	
Tangla-Belsiri Rangapara Railway	53
Total	110

Lines expected to be opened during 1933-34.

Burma Railways—

Irrawaddy Bridge at Sagaing and its approaches	5
--	---

APPENDIX II.

Capital expenditure on State-owned Railways.

(Figures in thousands of rupees.)

RAILWAYS.	Accounts, 1931-32.	To end of 1931-32.	Revised Estimate, 1932-33.	Budget Estimate, 1933-34.	To end of 1933-34.
OPEN LINES.					
State Railways managed by State—					
Aden (Commercial)	—4,62	..	..	..	..
Burma	23,52	32,66,76	3,00	19,78	32,89,54
Eastern Bengal	15,07	48,99,54	20,50	18,92	49,38,96
East Indian	37,80	1,38,51,69	63,00	77,27	1,39,91,96
Great Indian Peninsula	56,63	1,17,17,74	—42,00	5,79	1,16,81,53
North Western	27,29	1,06,34,37	—87,00	26,90	1,05,94,27
Strategic Lines	—3,83	30,69,91	—6,05	—1,00	30,62,86
Miscellaneous	1,25	2,44,30	..	..	2,44,30
Abandoned projects	..	32,26	..	..	32,26
State Railway Collieries	25	1,00,17	25	..	1,00,42
Total State Railways managed by State	1,53,46	4,78,16,74	—28,30	1,47,66	4,79,36,10
State Railways managed by Companies or Indian States—					
Assam Bengal	26,21	21,08,04	5,50	9,93	21,23,47
Bengal Nagpur	35,97	71,98,61	16,00	24,46	72,39,07
Bengal and North-Western (Tirhut)	12,68	9,68,44	2,50	5,66	9,76,60
Bezwada Extension	4	17,70	25	6	18,01
Bombay, Baroda and Central India	41,51	73,26,99	29,00	43,66	73,99,65
Dronachellam Kurnool Railway Extension	—4,97	11,80	50	71	13,01
Jodhpur	56	84,32	1,50	1,28	87,10
Madras and Southern Mahratta	67,64	50,74,19	20,00	32,74	51,26,93
Rohilkund and Kumaon (Lucknow Bareilly)	1,29	2,45,34	75	—41	2,45,68
South Indian	57,29	36,71,72	31,75	32,00	37,35,47
Total State Railways managed by Companies or Indian States	2,38,22	2,67,07,15	1,07,75	1,50,09	2,69,64,99
Total Open Lines	3,91,68	7,45,23,89	79,45	2,97,75	7,49,01,09

APPENDIX II—*contd.*

(Figures in thousands of rupees.)

RAILWAYS.	Accounts, 1931-32.	To end of 1931-32.	Revised Estimate, 1932-33.	Budget Estimate, 1933-34.	To end of 1933-34.
LINES UNDER CONSTRUCTION.					
State Railways managed by State—					
Burma Railways—					
Taungdwingyi-Kyaikpa- daung	10	95,11	10	..	95,21
Sagaing Bridge . . .	25,84	63,16	23,00	18,48	1,24,64
Myingyan Natogyi Paleik ..	9	66,26	5	..	66,31
Nyaunglebin Madauk .	18	12,65	..	..	12,65
Taungdwingyi-Minbu Pakokku—	—66	56,42	10	2	56,54
Total .	25,55	3,13,60	23,25	18,50	3,55,35

APPENDIX II—*contd.*

(Figures in thousands of rupees.)

RAILWAYS.	Accounts, 1931-32.	To end of 1931-32.	Revised Estimate, 1932-33.	Budget Estimate, 1933-34.	To end of 1933-34.
LINES UNDER CONSTRUCTION — <i>contd.</i>					
State Railways managed by State— <i>contd.</i>					
Eastern Bengal Railway—					
Baruipur-Lakshmikantapur	51	39,74	30	..	40,04
Tangla Belsiri . . .	18,06	26,23	12,70	50	39,43
Dacca Aricha . . .	6	3,11	—20	..	2,91
Kalukhali-Kamarkhali Bha- teapara . . .	18,68	51,89	3,00	35	55,24
Nawabganj Abdulpur .	16	83,61	50	..	84,11
Purnea Murliganj includ- ing Behariganj branch .	5	30,61	20	..	30,81
Total .	37,52	2,35,19	16,50	85	2,52,54
East Indian Railway—					
Central Indian Coal- fields . . .	—95	3,98,22	3,40	..	4,01,62
Calcutta Chord . . .	44,76	3,24,67	4,50	..	3,29,17
Lucknow Sultanpur Zafar- abad . . .	28,51	93,34	4,25	..	97,59
Unao-Madhoganj . . .	73	32,04	25	..	32,49
Chandpur-Bijnor Muazzam- pur Narian branch .	1,38	25,41	10	..	25,51
Total .	74,43	8,73,68	12,50	..	8,86,18

APPENDIX II—*contd.*

(Figures in thousands of rupees.)

RAILWAYS.	Accounts, 1931-32.	To end of 1931-32.	* Revised Estimate, 1932-33.	Budget Estimate, 1933-34.	To end of 1933-34.
LINES UNDER CONSTRUCTION—<i>contd.</i>					
State Railways managed by State— <i>contd.</i>					
Great Indian Peninsula Rail- way—					
Agra Bah . . .	—1	28,77	..	..	28,77
Dairwaha-Pushad . .	5,93	31,77	1	..	31,78
Kartal Kamasin . . .	—2	2,41	—2	..	2,39
Nasik Belapur Sheo- gaon . . .	—1	1,25	..	..	1,25
Khamgaon-Chikli . .	4	2,06	1	..	2,07
Hiwarkhed-Akot-Akola Bassim (late Khandwa Hingoli) . . .	- 3	3,04	—1,14	..	1,90
Amraoti Narkhed . .	1	1,06	—1	..	1,05
Total .	5,91	70,36	—1,15	..	69,21

BUDGET FOR 1933-34.

APPENDIX II—*contd.*

(Figures in thousands of rupees.)

RAILWAYS.	Accounts, 1931-32.	To end of 1931-32.	Revised Estimate, 1932-33.	Budget Estimate, 1933-34.	To end of 1933-34.
LINES UNDER CONSTRUCTION— <i>contd.</i>					
State Railways managed by State— <i>concd.</i>					
North Western Railway—					
Amritsar Narowal .	—6	61,64	..	..	61,64
Kangra Valley . .	—4	2,94,44	15	44	2,95,03
Shandara Narowal . .	..	28,78	..	..	28,78
Jassar Shakargarh Chak Amru	..	16,01	..	..	16,01
Rohtak Gohana Pani- pat	..	24,54	..	..	24,54
Lyallpur Jaranwala .	..	15,40	..	..	15,40
Chak Jhumra Chiniot .	—6	19,04	..	..	19,04
Khushab Chiniot . .	3,91	1,30,40	—1,85	15	1,28,70
Lyallpur Chananwala .	71	11,33	5	..	11,38
Sind Left Bank Feed- ers	16,19	83,66	—60	35	83,41
Batala Beas	—5	14,73	5	1	14,79
Kalabagh Bridge . .	7,15	49,38	20	..	49,58
Strategic Lines . .	61	3,83,13	15	..	3,83,28
Suspense	3	4	..	..	4
Total	25,89	11,32,52	—1,85	95	11,31,62
Total State Railways managed by State	1,71,80	26,25,35	49,25	20,80	26,94,90

APPENDIX II—*contd.*

(Figures in thousands of rupees.)

RAILWAYS.	Accounts, 1931-32.	To end of 1931-32.	Revised Estimate, 1932-33.	Budget Estimate, 1933-34.	To end of 1933-34.
LINES UNDER CONSTRUCTION—<i>contd.</i>					
State Railways managed by Companies or Indian States—					
Assam Bengal Railway—					
Sibsagar Road Kha- wang	..	31,78	..	..	31,78
Furkating Badulipara Jorhat	6	31,67	..	..	31,67
Karimganj Longai Valley	66	32,76	5	..	32,81
Netrakona Mohan- ganj	60	20,03	3	..	20,06
Habiganj Shaistaganj Balla	22	20,76	—2	..	20,74
Senchoa Mairabari .	—1,23	21,04	28	..	21,32
Feni Belonia . .	15	13,60	4	..	13,64
Chittagong Nazirhat .	40	20,71	50	25	21,46
Chittagong Dohazari .	6,40	49,62	10	..	49,72
Megna bridge at Bhairab	1,23	1,24	2	..	1,26
Total .	8,49	2,43,21	1,00	25	2,44,46
Bengal Nagpur Railway—					
Raipur Vizianagram .	65,74	4,76,64	10,00	5,80	4,92,44
Guttitangar Branch .	—5	2,00	..	..	2,00
Total .	65,69	4,78,64	10,00	5,80	4,94,44
Bengal and North-Western Railway—					
Mashrak Thawe . .	3,61	22,89	40	..	23,29

APPENDIX II—*contd.*

(Figures in thousands of rupees.)

RAILWAYS.	Accounts, 1931-32.	To end of 1931-32.	Revised Estimate, 1932-33.	Budget Estimate, 1933-34.	To end of 1933-34.
LINES UNDER CONSTRUCTION — <i>contd.</i>					
State Railways managed by Companies or Indian States — <i>contd.</i>					
Madras and Southern Mah- ratta Railway—					
Nidadavolu Narasapur .	—14	68,76	—26	..	68,50
Cocanada Kotepall .	18	42,01	46	..	42,47
Gudivada Bhimavaram .	4	40,70	1	..	40,71
Hotgi Sholepur . .	..	7,88	—5	..	7,83
Kannivihelli Swamihalli	..	5,82	—5	..	5,77
Guntur Gurzala-Macheria	27	46,27	—61	..	45,66
Total .	35	2,11,44	—50	..	2,10,94
South Indian Railway—					
Villupuram Trichinopoly	3,51	2,01,90	1,50	1,03	2,04,43
Virudunagar Tenkasi .	—28	68,64	—5	..	68,59
Shoranur Nilambur .	1,60	82,41	10	..	82,51
Dindigul Pollachi . .	31	79,17	2,75	89	82,81
Trichinopoly Manama- dura.	2,47	1,12,94	1,25	26	1,14,45
Mayavaram Tranquebar	12	21,40	—6,10	..	15,30
Madura Bodinayakanur	5	53,53	60	39	54,52
Vriddhachalam Cudda- lore	72	27,06	30	1,85	29,21
Salem Attur Vriddha- challam	11,17	84,85	—75	81	84,91
Pollachi Palghat . .	9,87	46,29	6,25	67	53,21
Salem Mettur Dam .	—8	12,86	15	..	13,01
Total .	29,46	7,91,05	6,00	5,90	8,02,95

BUDGET FOR 1933-34.

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APPENDIX II—*concl.*

(Figures in thousands of rupees.)

RAILWAYS.	Accounts, 1931-32.	To end of 1931-32.	Revised Estimate, 1932-33.	Budget Estimate, 1933-34.	To end of 1933-34.
LINES UNDER CONSTRUCTION—<i>concl.</i>					
State Railways managed by Companies or Indian States— <i>concl.</i>					
Nizam's Guaranteed State Railways—					
Dhone (Dronachalam) Kurnool Extension .	2	14,90	..	..	14,90
Total State Rail- ways managed by Companies or Indian States	1,07,62	17,62,13	16,90	11,95	17,90,98
Total Lines under Construction . . .	2,79,42	43,87,48	66,15	82,25	44,85,88
Total Open Lines and Constructions .	6,71,10	7,89,11,37	1,45,60	3,30,00	7,93,86,97
For emergencies .	..	..	..	3,00	3,00
Purchase of Branch Line shares, etc. . . .	..	54,76	..	..	54,76
Emergency deductions from pay .	-2,10	-2,10	-5,60	-3,00	-10,70
Total Capital Expenditure .	6,69,00	7,89,64,03	1,40,00	3,30,00	7,94,34,03

APPEN

Gross receipts, working expenses, and
Gross

Ao			
STATE RAILWAYS.	1924-25.	1925-26.	1926-27.
	M.	M.	M.
Open mileage at end of the year . . .	27,324	27,430	28,094
	Rs.	Rs.	Rs.
State Railways managed by the State—			
Burma	4,29	4,93	4,61
Eastern Bengal	5,92	6,29	6,72
East Indian	20,61	19,72	19,66
Great Indian Peninsula	15,16	14,63	14,70
North-Western—Commercial Lines	15,13	13,70	14,04
Strategic Lines	1,60	1,64	1,53
State Railways managed by Companies or Indian States—			
Assam Bengal	1,44	1,64	1,76
Bengal Nagpur	8,38	8,38	8,20
Bombay, Baroda and Central India	12,33	12,14	11,26
Madras and Southern Mahratta	7,91	8,14	8,12
South Indian	5,15	5,44	5,49
Other Railways	2,21	2,29	2,33
Total	1,00,13	98,94	98,42

DIX III.

net receipts of State owned Railways.

Receipts.

(Figures in lakhs of rupees.)

COUNTS.					Revised Estimate, 1932-33.	Budget Estimate, 1933-34.
1927-28.	1928-29.	1929-30.	1930-31.	1931-32.		
M.	M.	M.	M.	M.	M.	M.
28,426	29,451	31,218	31,489	31,709	31,819	31,824
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
5,03	4,95	4,87	4,28	3,74	3,71	3,85
7,00	7,03	6,73	5,86	5,05	4,80	4,90
20,43	20,31	19,85	18,24	17,36	17,63	18,10
15,09	15,30	14,58	13,33	11,92	12,24	12,71
14,89	14,23	14,39	14,98	13,34	13,15	13,32
1,60	1,67	1,59	1,48	1,32	1,30	1,33
2,05	2,07	2,05	1,96	1,84	1,59	1,75
9,16	9,12	9,31	8,17	7,24	7,13	7,25
11,34	11,86	11,52	10,90	10,30	10,41	10,49
8,64	9,20	8,98	7,98	7,15	6,75	6,85
5,80	5,63	6,33	5,80	5,30	5,66	5,54
2,40	2,35	2,50	2,12	2,07	2,13	2,16
1,03,43	1,03,72	1,02,70	95,10	86,63	86,50	88,25

APPENDIX
Working

STATE RAILWAYS.	Ao		
	1924-25.	1925-26.	1926-27.
	Rs.	Rs.	Rs.
State Railways managed by the State—			
Burma	2,61	2,75	2,83
Eastern Bengal	4,19	4,59	4,40
East Indian	12,74	12,03	11,90
Great Indian Peninsula	9,41	10,51	10,33
North-Western—Commercial Lines	9,26	8,88	9,49
Strategic Lines	1,96	1,80	1,87
Expenditure on writing off difference between book and market value of stores	—27	..	..
State Railways managed by Companies or Indian States—			
Assam Bengal	1,06	1,07	1,13
Bengal Nagpur	5,76	5,91	5,58
Bombay, Baroda and Central India	7,01	7,34	7,21
Madras and Southern Mahratta	4,35	4,61	4,77
South Indian	3,12	3,16	3,05
Other Railways	91	1,01	1,22
Credit from Depreciation Fund being net result of correction of certain past erroneous adjustments	..	..	..
Expenditure on writing off difference between book and market value of stores	—11	..	..
Total	62,00	63,66	63,78

BUDGET FOR 1933-34.

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III—contd.

Expenses.

(Figures in lakhs of rupees.)

COUNTS.					Revised Estimate, 1932-33.	Budget Estimate, 1933-34.
1927-28.	1928-29.	1929-30.	1930-31.	1931-32.		
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
2,94	3,22	3,05	3,13	2,86	2,76	2,83
4,52	4,69	4,71	4,66	4,25	4,19	4,29
11,92	12,17	12,42	12,24	11,37	11,47	11,40
9,77	10,04	10,20	10,46	9,07	9,17	9,10
9,90	10,01	10,64	11,29	10,07	10,09	10,09
1,95	1,99	2,09	2,19	1,81	1,92	1,93
..	..	..	..	..	..	..
1,21	1,27	1,40	1,41	1,40	1,37	1,40
6,21	6,26	6,75	6,67	6,17	6,31	6,45
7,08	7,38	7,40	7,47	6,86	6,65	6,64
4,75	4,86	4,85	4,76	4,23	4,18	4,26
3,13	3,23	3,44	3,57	3,38	3,61	3,52
1,05	1,06	1,23	1,26	1,21	1,13	1,19
..	..	..	—1,66	9	..	..
..	..	..	..	..	..	..
64,43	66,21	65,18	67,45	62,77	62,85	63,10

STATE RAILWAYS.	Ao		
	1924-25.	1925-26.	1926-27.
	Rs.	Rs.	Rs.
State Railways managed by the State—			
Burma	1,68	2,18	1,78
Eastern Bengal	1,73	1,70	2,32
East Indian	7,87	7,69	7,76
Great Indian Peninsula	5,75	4,12	4,37
North Western—Commercial Lines	5,87	4,82	4,55
Strategic Lines	—36	—16	—34
Expenditure on writing off difference between book and market value stores	27	..	..
State Railways managed by Companies or Indian States—			
Assam Bengal	38	57	63
Bengal Nagpur	2,62	2,47	2,62
Bombay, Baroda and Central India	5,32	4,80	4,05
Madras and Southern Mahratta	3,56	3,53	3,35
South Indian	2,03	2,28	2,44
Other Railways	1,30	1,28	1,11
Credit from Depreciation Fund being net result of correction of certain past erroneous adjustments	..	..	..
Expenditure on writing off difference between book and market value of stores	11	..	..
Total	38,13	35,28	34,64

DIX III—*concl'd.*

Receipts.

(Figures in lakhs of rupees.)

COUNTS.					Revised Estimate, 1932-33.	Budget Estimate, 1933-34.
1927-28.	1928-29.	1929-30.	1930-31.	1931-32.		
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
2,09	1,73	1,82	1,15	88	95	1,02
2,48	2,34	2,02	1,20	80	61	61
8,51	8,14	7,43	6,00	5,99	6,16	6,70
5,32	5,26	4,38	2,87	2,85	3,07	3,61
4,99	4,22	3,75	3,69	3,27	3,06	3,23
—35	—32	—50	—71	—49	—62	—60
..	..	..	..	..	..	..
84	80	65	55	44	22	35
2,95	2,83	2,56	1,50	1,07	82	80
4,26	4,48	4,12	3,43	3,44	3,76	3,85
3,89	4,34	4,13	3,22	2,92	2,57	2,59
2,67	2,40	2,89	2,23	1,92	2,05	2,02
1,35	1,29	1,27	86	86	1,00	97
..	..	..	1,66	—9	..	..
..	..	..	..	..	..	..
39,00	37,51	34,52	27,65	23,86	23,65	25,15

APPENDIX

All Rail

Statement of Receipts and Expenditure.

RECEIPTS.	Actuals.				
	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.
	M.	M.	M.	M.	M.
-Open mileage at end of the year.	27,324	27,430	28,004	28,426	29,451
Passenger traffic earnings :—	Rs.	Rs.	Rs.	Rs.	Rs.
Upper class . . .	4,42	4,48	4,46	4,55	4,44
Third class . . .	31,58	32,17	30,91	31,81	30,90
TOTAL PASSENGER EARNINGS	36,00	36,65	35,37	36,36	35,34
Other coaching traffic earnings.	5,91	6,07	6,23	6,32	6,17
Goods traffic earnings .	63,64	61,58	62,27	66,15	67,77
Sundry earnings . . .	1,64	1,76	1,73	2,01	2,11
Suspense	28	..	—6	—9	—25
Credits for materials released from works chargeable to Depreciation Fund.	..	..	..	..	..
TOTAL GROSS RECEIPTS .	1,07,47	1,06,06	1,05,54	1,10,75	1,11,14
Deduct—	Refunds of revenue collected.	..	*35	14	15
	Earnings of worked lines.	7,34	7,12	7,18	7,27
TOTAL	1,00,13	98,94	98,42	1,03,43	1,03,72
Miscellaneous Receipts .	51	89	1,09	1,25	1,57
TOTAL	1,00,64	99,83	99,51	1,04,68	1,05,29

*Includes remissions of earnings also.

IV.

ways.

(Commercial and Strategic Lines together.)

(Figures in lakhs of rupees.)

EXPENDITURE.	Actuals.				
	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.
	Rs.	Rs.	Rs.	Rs.	Rs.
Capital at charge at the end of the year	6,54,98	6,75,03	7,02,25	7,33,85	7,39,12
Working Expenses—					
Administration	12,33	12,77	13,06	13,44	14,20
Repairs and maintenance	18,10	17,18	18,16	18,05	18,11
Operation—					
Other than Fuel	15,54	16,76	16,27	16,24	17,15
Fuel	9,76	10,27	8,79	8,81	8,71
Depreciation	10,35	10,67	10,89	11,38	12,00
Suspense	—38	—10	—6	3	—32
Emergency deductions from pay	..	..	..	..	..
Payment to Income-tax Department in respect of Railway Staff exempted from surcharge.	..	..	..	..	..
TOTAL	65,70	67,55	67,11	67,95	69,85
Deduct—Share of worked lines	3,70	3,89	3,33	3,51	3,64
Net working expenses	62,00	63,66	63,78	64,44	66,21
Company's share of surplus profits, etc.	1,42	1,77	1,65	1,57	1,59
Interest—					
on Government capital at charge	21,23	23,14	24,30	25,75	27,83
on capital contributed by the Company	2,67	1,67	1,57	1,52	1,50
Total Interest	23,90	24,81	25,87	27,27	29,33
Miscellaneous charges	16	31	71	55	35
TOTAL	87,48	90,55	92,01	93,83	97,48
Balance net profit(+) or loss (—) for the year.	13,16	9,28	7,50	10,85	7,81
Contribution to General Revenues	6,78	5,49	6,01	6,28	5,23
Railway Reserve Fund	6,38	3,79	1,49	4,57	2,58
Railway Depreciation Fund	..	..	..	..	..
Percentage of net profit on capital at charge.	2.0	1.4	1.1	1.5	1.1
Percentage of net profit (before deducting interest) on capital at charge.	5.6	5.1	4.8	5.2	5.0
Operating ratio (i.e., ratio of working expenses including depreciation to gross traffic receipts).	61.9	64.3	64.8	62.3	63.8
Capital Expenditure—					
Open Line Works	10,07	15,31	16,13	22,19	15,78
New Constructions	3,20	3,93	6,76	10,26	9,28
Depreciation Fund	7,29	7,99	8,05	10,95	9,60
Purchase of Railways and branch line shares, etc.	19	..	4,33	3	4,30

NOTE.—Figures of capital at charge of 1924-25 to 1927-28 include sterling liabilities involved in the purchase of Railways converted at 1s. 4d. to the rupee and those of 1928-29 include sterling liabilities converted at 1s. 6d. to the rupee.

APPENDIX

All Rail

Statement of Receipts and Expenditure.

RECEIPTS.	Actuals.			Revised Estimate, 1932-33.	Budget Estimate, 1933-34.
	1929-30.	1930-31.	1931-32.		
	M.	M.	M.	M.	M.
Open mileage at end of the year.	31,218	31,489	31,709	31,819	31,824
	Rs.	Rs.	Rs.	Rs.	Rs.
Passenger traffic earnings—					
Upper class	4,26	3,87	3,44	3,14	3,21
Third class	31,49	27,81	25,52	26,16	26,51
TOTAL PASSENGER EARNINGS	35,75	31,68	28,96	29,30	29,72
Other coaching traffic earnings.	5,81	5,40	5,27	4,89	4,94
Goods traffic earnings	65,25	60,69	55,41	54,52	55,68
Sundry earnings	2,21	1,97	1,82	1,68	1,70
Suspense	30	46	35	..	..
Credits for materials released from works chargeable to Depreciation Fund.	..	..	..	1,25	1,25
TOTAL GROSS RECEIPTS .	1,09,32	1,00,20	91,81	91,64	93,29
Deduct—	Refunds of revenue collected.	15	11	11	14
	Earnings of worked lines.	6,47	4,99	5,07	5,00
TOTAL	1,02,70	95,10	86,63	86,50	88,25
Miscellaneous Receipts	2,08	1,73	1,20	1,07	1,01
TOTAL	1,04,78	96,83	87,83	87,57	89,26

BUDGET FOR 1933-34.

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IV—contd.

ways—contd.

(Commercial and Strategic Lines together)—contd.

(Figures in lakhs of rupees.)

EXPENDITURE.	Actuals.			Revised Esti- mate, 1932-33.	Budget Esti- mate, 1933-34.
	1929-30.	1930-31.	1931-32.		
	Rs. 7,69,98	Rs. 7,83,18	Rs. 7,89,64	Rs. 7,91,04	Rs. 7,94,34
Capital at charge at end of the year					
Working Expenses—					
Administration	14,40	14,89	14,66	12,43	12,30
Repairs and maintenance	18,43	15,91	14,21	16,70	16,00
Operation—					
Other than Fuel	17,04	17,60	16,21	17,82	17,55
Fuel	9,01	8,62	7,39	7,25	7,00
Depreciation	12,59	13,07	13,46	13,75	13,75
Suspense	..	3	6	..	—8
Emergency deductions from pay	..	..	—58	—1,90	—95
Payment to Income-tax Department in respect of Railway Staff exempted from surcharge.	..	..	..	20	..
TOTAL	71,47	70,12	65,41	65,25	65,57
Deduct—Share of worked lines	3,29	2,66	2,64	2,40	2,47
Net working expenses	68,18	67,46	62,77	62,85	63,10
Company's share of surplus profits	1,52	1,16	64	65	54
Interest—					
on Government capital at charge	29,09	31,34	31,76	31,60	31,63
on capital contributed by the Com- pany.	1,37	1,38	1,31	1,34	1,30
Total Interest	30,46	32,72	33,07	32,94	32,93
Miscellaneous charges	58	68	55	47	46
TOTAL	1,00,74	1,02,02	97,03	96,91	97,03
Balance net profit (+) or loss (—) for the year.	4,04	—5,19	—9,20	—9,34	—7,77
Contribution to General Revenues	6,12	5,74	..	..	..
Railway Reserve Fund	—2,08	—10,93	—4,95	..	..
Railway Depreciation Fund	..	..	—4,25	—9,34	—7,77
Percentage of net profit on capital at charge.	.. 5	—0·7	—1·2	—1·2	—1·0
Percentage of net profit before deducting interest on capital at charge.	4·5	3·5	3·0	3·0	3·2
Operating ratio (i.e., ratio of working expenses including depreciation to gross traffic receipts).	66·4	70·9	72·4	72·7	71·5
Capital Expenditure—					
Open Line Works	16,44	8,93	3,89	75	2,98
New Constructions	6,65	4,27	2,79	65	32
Depreciation Fund	11,76	11,39	8,26	5,60	5,95
Purchase of Railways and branch line shares, etc.	7,06	1	1	..	..

NOTE.—Figures of capital at charge include sterling liabilities converted at 1s. 6d. to the rupee.

BUDGET FOR 1933-34.

APPENDIX V.

Railway Depreciation Reserve Fund.

(Figures in lakhs of rupees.)

Year.	Opening balance.	Appropriation to Fund.	Withdrawals to meet cost of renewals and replacements.	Net accretion to Fund during year.	Temporary loans to meet deficit.	Closing balance.
1924-25 . .	..	10,35	7,29	3,06	..	3,06
1925-26 . .	3,06	10,67	7,99	2,68	..	5,74
1926-27 . .	5,74	10,89	8,05	2,84	..	8,58
1927-28 . .	8,58	11,38	10,95	43	..	9,01
1928-29 . .	9,01	12,00	9,60	2,40	..	11,41
1929-30 . .	11,41	12,59	11,76	83	..	12,24
1930-31 . .	12,24	13,07	11,39	1,68	..	13,92
1931-32 . .	13,92	13,46	8,26	5,20	4,25	14,87
1932-33, Revised Estimate.	14,87	13,75	5,60	8,15	9,34	13,68
1933-34, Budget Estimate.	13,68	13,75	5,95	7,80	7,77	13,71

PART II.
General Budget.

Speech by the Hon'ble Finance Member on introducing the Budget Proposals for 1933-34.

1. The story which I have to tell this year of the public finances of India is a simple and—viewed merely as a matter of public finance—a satisfactory one. The emergency plan which we introduced in September 1931 was designed to produce budgetary equilibrium for the two years 1931-32 and 1932-33, and now as we approach the end of the second of these two years and take stock of the position we can confidently say that our plan has worked.

2. *Summary of results for 1931-32 and 1932-33.*—Let me briefly summarise the position. The results for the year 1931-32 turned out to be nearly two crores better than I anticipated in my Budget speech last March, and the accounts for the year showed a deficit, after providing nearly 7 crores for Reduction of Debt, of $11\frac{1}{2}$ crores.

For the current year (1932-33) our latest revised estimates indicate that our Budget forecast of a surplus of 215 lakhs will be almost exactly realised, and that the surplus—after providing again nearly 7 crores for Reduction of Debt—will be 217 lakhs.

The results for the two years combined thus show a total budgetary deficit of 9.58 crores against which may be set the total provision made for Reduction of Debt of 13.73 crores. We may therefore say that in the two years from April 1, 1931 to March 31, 1933, which I think may be fairly described as the two most difficult years for public finance that the world in times of peace has ever known, we shall not only have paid our way but have provided a net sum of 4 crores, 15 lakhs for the Reduction of Debt. I think that this result is one which is a legitimate cause for satisfaction, and which amply justifies the great improvement in the credit of the Government of India which the recent rise in our security prices has shown.

3. It is interesting to make a short comparison between these results and the forecasts which I gave when I introduced the emergency plan in September 1931. We then anticipated, after allowing for the normal provision for Reduction of Debt, a deficit of 10.17 crores for 1931-32 to be followed by a surplus of 5.23 crores for 1932-33, and that the net amount available for the Reduction of Debt in the two years, after allowing for the deficit on the combined results, would be 9.11 crores. As I have just shown, we now anticipate that the net figure available for the reduction of debt will be 4.15 crores, so that we are about 5 crores below our original estimate for the two years. As the combined amount involved in the two years is about 260 crores on each side of revenue and expenditure, I think we may claim that our forecast showing a variation of only 2 per cent. from the result was, considering the complete instability of the time, fairly near the mark.

It is also interesting to examine where the main differences from our estimates occurred. Revenue for the two years is 10.42 crores less than was forecasted, but expenditure was also less than the estimates by 5.78 crores. The reduction in expenditure is accounted for largely by savings in interest charges owing to the improvement of Government credit and the cheaper money conditions which have supervened; but there has also been a realisation of administrative economies beyond what we felt safe in hoping for last year. I shall deal later in greater detail with the position as regards expenditure, but Honourable Members will, I feel sure, regard it as satisfactory that the figures for these two years should show such a substantial reduction as compared with our estimates.

Table summarising Budgetary forecasts and results for 1931-32 and 1932-33.

(In lakhs of rupees.)

—	Revenue.	Expenditure (including provision for reduction or avoidance of debt.)	Surplus or Deficit.	Provision for reduction or avoidance of debt included in expenditure.	Surplus of receipts over expenditure other than Reduction of Debt.
Emergency budget—					
1931-32 . . .	1,26,13	1,36,30	—10,17	6,90	—3,27
1932-33 . . .	1,33,06	1,27,83	+5,23	7,15	+12,38
Combined result for both years . . .	2,59,19	2,64,13	—4,94	14,05	+9,11
Estimate at Budget Session, March 1932—					
1931-32 (Revised).	1,20,77	1,34,43	—13,66	6,89	—6,77
1932-33 (Budget) .	1,29,96	1,27,81	+2,15	6,82	+8,97
Combined result for both years . . .	2,50,73	2,62,24	—11,51	13,71	+2,20
Present estimates—					
1931-32 (Actuals) .	1,21,64	1,33,39	—11,75	6,89	—4,96
1932-33 (Revised) .	1,27,13	1,24,96	+2,17	6,84	+9,01
Combined result for both years . . .	2,48,77	2,58,35	—9,58	13,73	+4,15

4. *Expectations for next year (1933-34).*—With a surplus of 217 lakhs anticipated as the final result for the current year, the next question is whether we can expect a repetition of such a surplus next year. In order to explain the answer which I have to give to that question it is necessary to analyse the factors which have contributed to the current year's result, and to review the general economic position. In anticipation of this examination I may remind the House of one important feature in the position, namely, that our revenue during the past 18 months has been specially augmented by the process of abolishing the salt credit system, the effect of which has been to give us the equivalent of two years' duty on credit salt in the space of 18 months. As a result we have benefited during 1932-33 by a special non-recurring addition of about 150 lakhs to our revenue. That of course drops out next year.

5. *Economic position.*—The general features of the economic position are so well known, and so closely resemble those which I had to describe last year that I need not deal with them at length. Again, as last year, I can say that the monsoon was fairly normal for India as a whole, and that so far as climatic conditions are concerned India might have been enjoying a year of normal prosperity*. Again, as last year, I can say that world economic conditions have been the overriding factor, and that India's trade and purchasing power have been suffering from the terribly low levels to which prices and demand for commodities have declined. In the latter respect the current year has touched still lower depths. Last year it seemed reasonable to hope that a move would be made to settle the world troubles, and that with the detachment of sterling from gold we might see a substantial rise in prices for commodities at least in terms of sterling and of the currencies linked with sterling. Unfortunately neither of these hopes has been realised. A good start was made at the Lausanne Conference in June, and the provisional agreement then achieved, which would have resulted in the removal of the disturbing factor of Reparation payments, spread at the time a feeling of justifiable optimism. But unfortunately the possibility of executing this agreement depends on the balancing cancellation of war debts, and for this problem there is no solution yet in sight. Indeed, except among the nations of the British Commonwealth, for which within their own area the Ottawa Agreement holds out hopes of improvement, there has been no advance towards that international co-operation which is so badly needed; and for the world in general it is unfortunately true to say that there has been not only no quickening up of the normal flow of trade, but on the contrary the restrictions which so many countries have been forced to impose on trade and exchange in order to maintain their balance of payments have operated still further to check the international exchange of goods. As regards prices, the anticipated rise in rupee and sterling prices has not materialised. The position, broadly speaking, is that, after an initial rise, prices towards the end of the period under review showed again a falling tendency, with the result that although the average level of prices on the basis of which India's exports during 1932 were sold is slightly higher than during 1931, the general level of prices at the end of the year had fallen below

* The monsoon was normal for India as a whole except in Bihar, the East United Provinces and North Madras coast. Otherwise though lighter than usual, it was fairly well distributed and fortunately rainfall in September was above the average. The sowing conditions for monsoon crops were only moderately favourable: sowing conditions for cold weather crops were generally favourable. The winter rains have been below the average and the yield of the crops now on the ground will depend to a greater extent than usual on the weather during the next few weeks. Slight frost damage in January has been reported from a number of places.

this average. The most that one can say is that countries with currencies linked to sterling have fared much better than those which are still on a gold basis.

If Honourable Members are interested in studying the position, " would commend to their attention the Review of the main items of India's foreign trade for 1932, which has been prepared by Dr. Meek, the Director-General of Commercial Intelligence and Statistics, and which I propose to circulate as usual with the budget papers. In my present speech I can only deal with the broad aspects of the position.

6. The results of the further deterioration in the general world position are revealed in India's export figures which for the 10 months from April to January showed a total value of 110½ crores as compared with 134½ crores for last year.

7. In the case of practically all the main items the decline is accounted for by a fall in the quantities rather than the price of the articles exported. This is true of the following decreases,—cotton exports 6½ crores, jute 1½ crores, grain, pulse and flour about 2 crores, seeds just over 2 crores. The only exception to this under the major heads of exports is the case of Tea where a slight increase in the quantity exported has been accompanied by a fall of 3 crores in value.

8. I may at this stage note that during 1932 there was a slight improvement from India's point of view in the correction of the disparity between the price levels for the main articles which she has to sell and those which she has to buy. According to Table XV of Dr. Meek's review it is shown that the average index figure for the main export articles, taking 1913-14 prices as 100, was 77 for 1931 and 79 for 1932. On the other hand, the index figure for the main articles of import averaged only 84 in 1932 as compared with 87 in 1931.

9. For appreciating the significance of the comparison which I have made between exports for the first 10 months of the current year and last year, it is necessary to compare the present figures with the general average levels for the post-war period. In the figures for the current year, the most striking feature has been the fall in the exports of Indian cotton which has been only offset to a very small extent by an increase of the consumption of cotton by Indian mills, for they have provided for their larger production mainly by greater purchases of imported cotton. Comparisons between results for the calendar year 1932 and the average for the 10 years from 1920 to 1930 bring out the same point.

		Quantities.			Values.		
		Average of 10 years ending 1930.	1932.	Percent- age.	Average of 10 years ending 1930.	1932.	Percent- age.
					Rs. (lakhs).	Rs. (lakhs).	
1. Cotton, raw	Ton (000)	616	286	46	69,09	16,03	23
2. Hides and Skins (Raw and Tanned) . .	Ton (000)	70	42	60	13,95	7,76	56
3. Jute, raw and manu- factured	Ton (000)	1,499	1,176	78	72,84	31,49	43
4. Tea	lb. (millions)	346	368	106	27,06	16,89	62
5. Groundnuts*	Ton (000)	448	472	105	11,21	8,11	72
6. Rice (not in the husk)	Ton (000)	2,067	2,076	100	36,98	17,16	46

*The trade in groundnuts has been expanding rapidly during the period.

This table shows how terribly the value of India's exports has declined compared with what had come to be accepted as a normal level in the post-war period. But even so the figures as regards quantities exported—with the sole exception of cotton—have kept up in a manner which seems to justify the view that India has not even yet suffered quite so badly as most of the other countries producing primary agricultural products.

Raw cotton is by far the worst sufferer and during 1932 the exports had fallen in quantity by more than a half, a fall which as a result of the lower prices is increased to one of more than three-quarters in value as compared with the average for the past 10 years. For jute the fall in volume was about a quarter while the fall in value is more than a half. In the case of tea, although the volume of export was more than maintained, the value was reduced by more than a third. In the case of rice, the volume of export was maintained but the value fell by over 50 per cent. Groundnuts on the other hand show an increase in quantity but a decline in value.

10. While the value of India's exports has thus further declined this year as compared with last, the course as regards imports has been strikingly different. For these, at 112½ crores for the first 10 months of the current year, show a rise of about 7½ crores on the corresponding 10 months of last year. Here again an examination of the actual changes in the case of the main articles of import is interesting and suggestive. By far the largest item is the increase of just over 7 crores in cotton piece-goods and yarns. It may perhaps be said that in this case exceptional factors have come into play, because the preceding period with which it compares, influenced as it was by non-economic factors such as the boycott, can hardly be regarded as normal. The important fact to remember, however, is that this increase in imports of cotton piece-goods was accompanied by a striking growth in the production of Indian mills,—which according to Dr. Meek's figures increased by about 11 per cent. or 284 million yards in the first 11 months of 1932 as compared with 1931. It must also be noted that there has been a marked increase in the imports of other piece-goods, woollen, silk, artificial silk, and mixtures.

The increase in Indian production of cotton goods accounts for the next interesting item of increased imports on which I must comment, namely, of raw cotton, which at 6.36 crores are 79 lakhs up on last year. The steady growth during recent years in these imports is most remarkable. Taking the "cotton years" up to August 31 in each case, imports of foreign cotton expanded from just over 20,000 tons in 1928-29 to 97,000 tons in 1931-32.

11. Another interesting item is machinery, where the imports at 9½ crores are only a few lakhs less than last year. Here there would have been a much greater fall if it had not been for a striking increase in the imports of plant for sugar factories, the imports of which in the 9 months to the end of December amounted in value to 138 lakhs as compared with 30 lakhs last year and only 9 lakhs in 1929-30.

In the case of certain other machinery too there have been increases which are encouraging. Thus, taking the full calendar year 1932 as compared with 1931, cotton machinery increased from 180 to 208 lakhs, while tea, jute and wool machinery increased by 13, 3 and 1 lakh, respectively.

12. These are the chief items of expanding imports. As against this I must comment on the two most striking examples of declines. Imports of foreign sugar at 3.66 crores are down by 1½rd crores. This indicates the continuance of a steady process of decline in the value of sugar imports which

for 1930-31 was about 9 crores, and in 1929-30 about 14 crores. The decline may be partly due to decreased purchasing power as evidenced by decreased consumption of refined white sugar, but I think it is a fair appreciation of the position to say that it is mainly due to the increase of Indian production. I explained last year that we estimated the production of Indian sugar to be increasing at the rate of 60,000 tons per annum, and it looks now as if this rate were being considerably accelerated. I shall deal later with the effects of this on our revenue position.

13. Another striking example of decline is the case of vehicles—mainly of course motor-cars, buses and lorries, which at 304 lakhs for the 10 months show a decline of 89 lakhs on last year and are less than $\frac{1}{3}$ rd of the value in 1929-30.

It is probable that I shall be told in the course of debate that the decrease is mainly due to the high level of our import duties. I think it more correct to regard it as mainly caused by loss of purchasing power, which on the one side restricts luxury expenditure, and on the other induces owners of cars and heavy vehicles which are not used for luxury purposes to avoid replacements which are not absolutely necessary.

14. It is not possible in a budget speech to go into all the interesting details in our trade returns, and I am concerned now only with broad conclusions, and more particularly with those that affect our revenue estimates. With some of these broad conclusions I wish now to deal. In the first place the results as regards imports combined with the figures of Indian production of such articles as salt and kerosine and cotton piece-goods seem to reinforce one of the points which I emphasised in my speech last year—namely, the extraordinary power of resistance, in spite of diminished purchasing power, which India shows in maintaining the consumption of certain standard necessities of the masses.

15. I have had a table prepared which will be printed with this speech analysing the results as regards certain main articles of consumption classified under three heads—luxury articles, requirements of industry, and necessities of the masses. The classification cannot be entirely accurate, and it is difficult to say exactly where such articles as sugar and artificial silk piece-goods should be placed; but if one takes such articles as cotton piece-goods, kerosine, and salt as necessities for the masses, machinery, lubricating oil, cement and chemicals as industrial requirements, and tobacco, liquors and motor-cars as luxuries, one can at least draw interesting conclusions.

In order to get at the figure of consumption I have taken imports plus local production for articles which are produced in India, and imports only for those articles which are not. This again may not be entirely accurate for a particular year, for some of the imports and home production may have gone into stock, particularly in the case of cotton piece-goods during 1932; but it affords a rough guide, and, for an average of years, must be fairly accurate. On this basis I have made a comparison between the consumption for the calendar year 1932 and the average annual consumption for the ten year period from 1920 to 1930, which may be regarded as a period of prosperity with high prices and high purchasing power. The table shows both quantities and values. Values have been calculated as follows. In the case of articles which are only imported the declared values have been taken and the various rates of import duties during the ten year period have been added. For articles which are both imported and

manufactured the value of the internal production has been estimated on the basis of the declared value of the corresponding imports together with the appropriate rate of duty for each year of the period.

The results shown in this table are, I think, extremely interesting. As regards the three articles which I have taken as necessities for the masses, the quantities of consumption are in all cases higher for 1932 than for the ten year average 1920-30. Piece-goods with a total of 5,827 million yards as compared with 4,923 million yards for the earlier period are 18 per cent. up. Kerosine oil with a total of 235 million gallons as compared with 232 million gallons for the earlier period is 1 per cent. up. Salt with a consumption of 2,106,000 tons as compared with 1,965,000 tons for the earlier period is 7 per cent. up.

Turning to values, there is of course a fall in these for 1932, owing to the lower prices prevailing in spite of the higher duties. The total value of all these three commodities consumed in 1932 was 162 crores representing 78 per cent. of the average for the ten year period, which was 207 crores.

In the case of the articles required by Industry, it is of course impossible to compare quantities for such miscellaneous heads as machinery and millwork, or chemicals. The Table shows a fall in value for machinery and millwork of about 40 per cent. which, allowing for the fall in prices, must indicate a very much smaller fall in quantities; a fall both in quantity and value of lubricating oil of between 30 and 40 per cent.; an increase in quantities of cement accompanied by a fall in values; and an increase of 26 per cent. in the value of chemicals. The total value of all these articles for 1932 is 70 per cent. of the value for the ten year period.

Turning to luxuries, there is a very heavy fall in motor-cars, with a figure of 5,300 cars for 1932 as compared with an annual average of 11,400 in the earlier period. Quantities represent 46 per cent. only, and values 43 per cent. only of the earlier period. I would note here that the value per car has fallen in spite of the increased duties. Tobacco consumption for 1932 represents 61 per cent. in quantity and 51 per cent. in value of the earlier period, and liquors 92 per cent. and 73 per cent. respectively. Altogether the total value of the three luxury articles consumed in 1932 represents 58 per cent. of the average value for the earlier period.

I think it is fair to say that these figures indicate that certain luxury and quasi-luxury articles show very heavy decreases in consumption; that industry has stood up fairly well, and that in certain fields—particularly the sugar industry and the textile industry—expansion in India is still progressing in spite of the world slump; and lastly that as regards the necessities of the masses the consumption figures are being maintained in a most remarkable way in spite of loss of purchasing power, while in spite of increased excise and import duties consumers have had a substantial benefit from the fall in prices.

I must add in conclusion one obvious but most important point, namely, that the really striking falling off in India's normal consumption has been in the case of precious metals. As is well known, India imported gold and silver of the average annual value of about 40 crores in the years from 1920-30. The power to cut out this enormous margin has been a tremendous factor—equal in importance almost to the actual sale of gold, to which I shall refer later—in enabling India to go through this period of depression without being forced to cut down her normal absorption of those commodities which are needed for daily consumption.

16. The figures in the following table indicate imports except in the case of articles marked * where the quantities given include figures of production so far as available. In the case of salt, production figures relate to British India excluding Aden. The value figures of production have been estimated on the basis of the average declared value for imports.

			Quantities.			Values (cum duty).		
			Average of 10 years ending 1930.	1932.	Percentage.	Average of 10 years ending 1930.	1932.	Percentage.
						Rs. (lakhs).	Rs. (lakhs).	
(A) <i>Luxury articles</i> —								
1. Motor-cars . .	No. (000)		11.4	5.3	46	3,50	1,51	43
2. Tobacco . .	lb. (000)		8,396	5,104	61	4,03	2,06	51
3. Liquors . .	Gal. (000)		5,915	5,429	92	5,93	4,30	73
Total of (A) . .			..	..	..	13,46	7,87	58
(B) <i>Requirements of Industry</i> —								
4. Machinery and mill-work . .			..	..	..	19,62	12,04	61
5. Lubricating oil .	Gal. (Million).		22.3	14.3	65	2,28	1,57	69
6. Cement * . .	Ton (000)		492	551	112	3,73	2,86	77
7. Chemicals . .			..	..	..	2,64	3,34	126
Total of (B) . .			..	..	..	28,27	19,81	70
(C) <i>Necessities for the masses</i> —								
8. (a) Cotton piece-goods (Mill-made) * lions).	Yds. (Millions).		3,677	4,327	118	131,72	99,40	76
(b) Cotton piece-goods (hand-loom).	Do.		1,246	1,500	120	44,85	34,46	77
Total . .	Do.		4,923	5,827	118	176,57	133,86	76
9. Kerosine oil * .	Gal. (Millions).		232	235	101	17,73	16,27	92
10. Salt * . .	Ton (000)		1,965	2,106	107	12,74	11,84	93
Total of (C) . .			..	..	..	207,04	161,97	78
(D) <i>Articles of doubtful classification</i> —								
11. Artificial silk piece-goods.	Yds. (Million).		27.8	116.2	418	2,24	4,38	196
12. Sugar . .	Ton (000)		781	462	59	23,69	12,75	54

17. I must now turn to another broad aspect, the position as regards the balance of trade and of payments. With exports for the 10 months at 110½ crores and imports at 112½ crores, India has a slight adverse balance of trade in merchandise. As in the last months, however, the tendency has changed, and there has been a reduction in the adverse margin, one may not unreasonably anticipate that the year will end with an even balance. But owing to India's large "invisible imports"—mainly represented by external obligations—an even balance of trade in merchandise falls far short of giving us an even balance of payments, and therefore India could not support the present volume of imports without very embarrassing results unless the position were being helped by some other factor. That factor in the present case has been, as Honourable Members well know, the export of gold. I do not propose to give a mass of figures illustrating this aspect of the matter now, because I dealt with it very fully in a speech at the Ottawa Conference which I believe most Honourable Members have seen. The broad fact is that India could not with exports at their present level support the present volume of imports simultaneously with meeting her external obligations unless they were supplemented by gold exports. What is happening now may be put in two different ways, either that part of India's consumable imports are being paid for in gold, or that gold sales are providing the means to meet external obligations and, as I shall hereafter explain, to accumulate reserves in external currencies. The truth really is that what is happening is a combination of the two processes, for it must be remembered that so far as concerns the individuals who make up the mass of producers of goods for export and consumers of imported goods, they have to pay for the latter with customs duties added, and as customs duties on the 112 crores worth of goods imported for the 10 months of the current year amount to 38 crores, one may say that the exports to the value of 110 crores are being supplemented by gold sales in order to pay for goods at the imported value of 150 crores, so that 40 crores of the gold proceeds have been used to pay for consumable goods. To this extent therefore it may be said that India is helping herself to tide over a period of unexampled depression by drawing on her reserves of gold, and thereby avoiding reducing her consumption to the desperately low level which would otherwise be necessary. This, however, is by no means the whole story, and as there are many questions arising in connection with gold exports which have a vital bearing on the welfare of the nation, and as I know that Honourable Members take very great interest in it, I propose to deal with this subject again, as last year, at some length.

18. In the first place I know that there are many who regard what is happening as a dangerous process of living on capital. I think it fairer to regard it, as indeed I pointed out last year, as a process partly of exchanging one form of investment for another, and partly of tiding over a period of abnormal difficulty by drawing on reserves which had been accumulated in better times; reserves, moreover, which produce no revenue, so that their depletion does not bring about any decrease of income. To that extent we have regarded the process as a legitimate use of reserves, which has on the whole been beneficial to the people. How long such a process can, without damaging the country, continue is another matter, but I must point out that so far as Government is concerned nothing that it could do could prevent individual owners of gold selling their gold and using the proceeds for investment in other forms or for the purchase of consumable goods.

19. There is, however, another beneficial aspect of the process to which I think it important to direct attention. I have already commented on what

is the worst feature of the present world situation, namely, that practically every nation today in order to preserve its balance of international payments has been forced to put artificial restrictions on its imports, by way of high duties and exchange restrictions. This is checking the flow of international trade, so that its channels are gradually becoming completely dry, and is the main evil from which the world today is suffering. We ourselves by increasing our own import duties have done something to add to the evil, but if the flow of imports into India had not been helped by the exports of gold the case would have been very much worse. India in fact has been able to release into the world a commodity for which alone there is an undiminished market and the possession of which, if it is used as a basis for currency, does not diminish but rather increases the purchasing power of the countries which absorb it. By doing so India has been enabled to take more imports and thereby in this second way also to increase the purchasing power of her own potential customers. This last point indeed must always be borne in mind, for we cannot restrict our own imports without weakening the market for our exports of merchandise.

20. There is still a third point on the credit side of the account to which I must call attention. The proceeds of the gold which have been sold have only to a limited extent been balanced by the purchase of consumable commodities. A great portion has undoubtedly been invested. The increased demand for Government securities affords general evidence of this, and that the process has been widespread and not confined to the richer classes can be very clearly seen from the figures of Post Office cash certificates and Savings Bank deposits. The figures here are most striking. Making very conservative allowances for what we shall get in the last two months of the year, we estimate the net investment in Post Office cash certificates this year at 10 crores and the net addition to savings bank deposits at 4.35 crores. Both these figures greatly exceed any previous record, and I may point out that the figure of 10 crores for Post Office cash certificates compares with average net receipts of about 2½ crores annually for the period from 1917, when these certificates were first started, until March 31, 1931. Moreover the high figure for this year follows on the exceptionally high figure of 6.15 crores for net receipts last year. These figures therefore clearly show that proceeds of gold sales have been converted into investments by the poorer classes, and although the Indian habit of accumulating reserves of gold has stood the country in good stead in the present crisis, I feel forced to regard it as a beneficial advance that the exceptionally high price of gold in rupees should have started a process of exchanging barren gold reserves for interest-bearing Government securities as a form of investment. If only the process is kept in proper channels, and the people of India are not misled, as the people of the United States were in the post-war boom, to putting their savings into wildly speculative investments, the result must in the long run be of great benefit to India.

21. But I must now turn to another aspect of the matter. There may be some who would agree that there is some truth in what I have said up to this point, but who have an uncomfortable feeling that the country is being weakened by the process, and that Government if they had adopted a different policy could have prevented this weakening. Such people argue that, even if we could not prevent private individuals who wish to do so from selling their gold, Government ought to have acquired it for themselves and thus have prevented it leaving the country. I shall deal later with the criticism of Government policy. For the present I am only concerned with presenting an account of what has actually happened, and I think that Honourable Members will find the account interesting. I propose to take the period

of 15 months from the end of September 1931, just after England went off the gold standard, up to December 31, 1932, and shall endeavour to put the position in the simplest possible form.

22. In this period of fifteen months, India on balance exported 107·08 crores of gold. We may thus take it that private individuals during this period acquired out of the proceeds of gold exports balances in external currency, probably mainly in sterling, to the extent of £80½rd millions. During this same period exports of merchandise were 181·37 crores and imports 161·45 crores, giving a favourable balance of 19·92 crores equivalent to, say, £15 millions. This sum also may be taken as having been converted into external currency balances by private individuals. Adding this £15 millions acquired against merchandise to the total of £80½rd millions acquired against gold exports, the total external balances acquired by private individuals from October 1, 1931, to December 31, 1932, amounts to £95½rd millions. Out of this sum Government has acquired by its purchases in the market as currency authority no less than £69½rds millions.

The balance of £25½rds millions has been retained on private account. I will deal with this latter portion later and consider first what the Government has done with the sterling balances of £69½rds millions which it has itself acquired.

23. In the first place Government has used about £34 millions in meeting its ordinary recurrent commitments.

Secondly, it has used £15 millions in discharging the 5½ per cent. sterling loan which matured on January 1, 1932, thereby liquidating an obligation which cost it £825,000 equivalent to Rs. 110 lakhs per annum, and greatly strengthening its credit in London.

Thirdly, Government has added about £11 millions to its currency reserves, and lastly, the balance of £9½ millions was added to the Government's Treasury balances, and is really potentially available for further strengthening of its currency reserves.

Government therefore made good use of the abnormally high amount of sterling which it was able during these fifteen months to purchase as a result of the gold exports.

In order to complete the picture I may here add that a 5 per cent. sterling loan for £10 millions was floated during the same period, out of the proceeds of which £6 millions 6 per cent. bonds were repaid and the remaining £4 millions of which were used as a further addition to the Treasury balances.

Taking this last transaction into account, the combined result is that during the fifteen months the Government has reduced its sterling debt by a net amount of £11 millions sterling, has increased its currency reserves by £11 millions and its treasury balances by £13½ millions. The total of these amounts is £35½ millions, so that out of our £69½rds millions sterling we used about £34 millions for meeting our current requirements and £35½ millions sterling for strengthening our position. Incidentally we may thus be said to have advanced by £35½ millions towards the position required for setting up a sound Reserve Bank.

24. I must now turn to consider the sum of £25½rds millions which, as I have explained, must be regarded as having been retained by private individuals out of the total proceeds of gold exports and the balance of trade in merchandise. What has happened to this money? In the first place, as Honourable Members are well aware, a substantial proportion of the external

currency derived from the sale of Indian exports abroad is always retained on private account. The amount required is influenced by two factors, first normal current requirements, and secondly, movements of capital. The normal current requirements are for such things as sea freights, interest and dividends on investments in India held abroad, family remittances, money spent abroad by travellers from India, etc., etc. The movements of capital may be either transfer of funds for permanent investment by private individuals, or the movement of funds by banks for temporary investment in treasury bills, etc. These movements of capital may of course take place either towards or away from India, and therefore either reduce or swell the amount required to meet current requirements. The annual reports of the Controller of the Currency always give clear figures and explanations on this point and I would refer Honourable Members to them. I cannot within the limits of this speech attempt any full examination of this matter, but from the investigations of the Controller of the Currency it appears to be a fairly accurate estimate to say that in the 15 months with which I am dealing about Rs. 15 crores or £11½ millions was required for the repayment of money invested in Indian treasury bills by foreign banks, and that the balance of about £14 millions was required to meet normal current requirements. The repayment of the treasury bills, of course, represents a strengthening of the Indian position.

25. It is now possible to reconstruct the whole picture. For this purpose I think it is fair to take the surplus balance of trade in merchandise of £15 millions as earmarked for meeting, in the first place, the normal private current requirements of £14 millions. Thus, in round figures, the position as regards the proceeds of the gold sales would be as follows. Out of £80 millions which represent the proceeds of the exports of gold Government acquired £70 millions and £10 millions served to repay foreign funds temporarily invested in India. Government out of its £70 millions used £34½ millions to meet its own current requirements and £35½ millions to repay sterling loans and strengthen its reserves. Therefore out of the total £80 millions of gold proceeds only £34½ millions were used to meet current requirements, and the balance of £45½ millions went to reduce India's external obligations and strengthen her public reserves.

Looking at the matter from the side of the Indians who have sold the gold, they have acquired 107½ crores of rupees and of this, while a portion has been spent in meeting current requirements (*i.e.*, paying customs duty on imported goods and other taxes), a very substantial portion also, as is clear from the figures which I have given, must have been retained in currency or invested in Government securities.

Therefore whether the position is viewed from the side of public finance or private investment, it is clear that to a very large extent the gold exported does not represent a drawing on reserves, but merely the conversion of one form of reserve into another. Apart from this, as there are some who, while not criticising what has happened so far, consider that the process of so-called drawing on reserves has now gone far enough, I wish to remind the House that even though the amounts exported have been very large, the figures are still small in relation to India's resources. The fact that the published figures are given in values tends to give an exaggerated idea, because, of course, gold now stands at a premium of about 30 per cent. If we look at the statistics of the weight of imports and exports the strength of India's position is extraordinarily striking. From September 1931 up to the end of December 1932 India had exported slightly over 14 million ounces of gold. As compared with this the imports between April 1926 and September 1931 exceeded 15.

million ounces ; so that, in spite of the enormous amounts hitherto exported, we are not yet back to where we were in April 1926. If we go further back the results are still more striking. The net imports from April 1922 to March 1926 exceeded 28 million ounces, and this means that India can go on exporting gold until the total quantities have risen to three times the amount of what has already been exported, and still have more gold in hand than she had eleven years ago.

So far, therefore, regarding the whole position of India as a single interest and considering the vast size of the accumulations of gold which exist, it cannot be said that there has as yet been any dangerous depletion.

26. I have been concerned in making this examination rather with presenting a picture of what has happened than of defending Government's policy, but it will help to complete my explanation if I now deal with some of the criticisms which have been made. The general argument is that if Government had prohibited the export of gold and been ready to purchase on its own account against rupees all the gold that has come forward for sale, then Government would have been able to reinforce its own currency reserves to that extent.

I have already shown that Government has actually acquired seven-eighths of the sterling proceeds of the gold exported up to December 31, 1932 ; but, as I wish to follow out the criticism, I will consider the simple question : " What would have happened if Government had prohibited the export of gold and thereby allowed to those who wanted to sell it no other opportunity except to sell it for rupees ? " In the first place it is highly improbable that the same amount of gold would have been sold—But I leave that out of account and will assume that Government would have bought it all. What then would have been Government's position ? In the first place it would have had to convert £45 millions of it into sterling to meet some of the purposes which I have already explained, namely, its current requirements and the net discharge of £11 millions sterling debt. As regards the £24½ millions which it has, as I have explained, actually used for strengthening its currency reserves and Treasury balances, it might have kept this sum in the form of gold. But I do not think this would have been good policy, for we already have our proper proportion of gold in our currency reserves, and we should have been well advised to convert this amount also into interest-bearing sterling investments.

27. I am left to explain what would have happened to the balance of £25½ millions retained on private account, or rather the £10 millions out of this sum which represents the proceeds of gold exports ; for it is this sum which our critics say we should have secured to ourselves if we had purchased the gold and which by our actual policy we have lost. But should we have been able to retain it ? Certainly not. This balance was needed for the purposes which I have explained, and if we had bought the gold for rupees, the private remitters would then have come to us, as the currency authority, and demanded that we, in accordance with our statutory obligation, should sell sterling to them. We could not under the existing law have refused to do so, and in that case we should have had to use the gold which we had acquired in order to buy sterling to meet our obligation, and thus would have found ourselves in precisely the same position as we are today. We could only have refused to sell the gold in two ways. Either we should have had to get a law passed to relieve us of our statutory obligation, in which case who would venture to prophesy what would

have happened to the sterling value of the rupee? Or, as an alternative, we should have had to pass a law putting a rigid restriction on all exchange transactions, which would have been a gross and unnecessary interference with the liberty of private individuals to deal with their own property, and would necessarily have led to a very serious restriction of imports.

Either of these alternatives would have been very serious steps, which might have had far-reaching and dangerous effects on our position. Those who criticise our policy as regards gold must first be very sure in their own minds whether they would have welcomed them.

28. I have explained the position as fully and fairly as I can, and I hope that I have done so clearly. I have done this not as an advocate anxious to defeat his opponents, but as one who earnestly desires to clear his own mind as to what is right and to put the real issues before the public. We do not claim for ourselves either perfect wisdom or any monopoly of such imperfect wisdom as is attainable in this world, but I think what we can claim is that our policy has guided India through a period of quite unexampled difficulty without disaster, and that at the end of these two years we find ourselves with greatly improved public credit, with greatly strengthened resources, and with the freedom and security of private trade unimpaired. Nor can I believe that any single interest of the country has hitherto been sacrificed or damaged. The policy therefore has worked well so far, and more than this I do not claim. The times in which we live are so uncertain and abnormal that no one could venture to lay down that a particular policy must be for ever infallible. We must be guided by events. But till now and for the present we do claim that our policy has worked well, and that while that continues it would be unpardonable rashness to plunge into the unknown depths of wild experiments.

29. I am afraid that my argument as to Government's policy as regards gold exports has led me into something of a digression from the review of India's economic position which was my main purpose at this stage.

I may now sum up my own conclusions on that review. For my own part, the main impression gained by a study of what has been happening during these last two years of terribly difficult times is one of admiration and wonder at the way in which India and her people have adjusted themselves to the emergency. The more highly organised Western nations may well take lessons from her in this respect. While I have commented on the enormous decline in the demand for India's export products, it is a remarkable fact that this has not yet led here, as in other countries, to the piling up of unmanageable stocks which form both a source of weakness to the country that holds them and a menace to the rest of the world. The diversity of cropping in most parts of India has led to a comparatively quiet adjustment to changed conditions without elaborate schemes for restriction of production, or dangerous experiments for using public funds to finance surplus stocks. The striking restriction which was effected after the 1930-31 season in the jute area of Bengal is well known, but in the case of cotton also an adjustment has taken place aided partly by short crops and partly, though only to a regrettably small extent, by increased consumption by Indian mills of Indian cotton. To some extent, in certain cases such as sugar, Government policy has helped the agriculturalists to find profitable alternatives in money crops. Linseed is another important alternative crop for which possibilities of an increased outlet have been opened up by the Ottawa Agreement. In this case a fairly substantial increase in the area sown had been undertaken before the Ottawa Agreement was implemented, and the preference now secured in the British market may justify a further increase. Groundnuts, again, have provided

another alternative outlet, and this crop has become in Madras a moneycrop of first rate importance, and is becoming an alternative crop to cotton of growing importance in Bombay and Berar. Where export facilities have been lacking for a particular crop and alternative export crops have not been possible, there has been a spreading over into miscellaneous crops for local consumption. In the case of Bengal, where the main reduction in the jute area occurred before last year, it has been possible to examine conditions fairly closely, and there the alternative crops were mainly rice, maize, millets, smaller pulses, and to some extent sugarcane. It is difficult to trace exactly the complete economic effects of these adjustments, but one conclusion is probably justified, and that is that the poorer classes and particularly the wage-earning classes whose wages have not been reduced proportionately to the fall in values of local food produce, are at present being better fed than ever before. Thus some advantage at least is gained.

If one turns to the other side—the side of consumption—one gets the same impression of comparative stability, for here the power to draw on reserves has, as I have explained, resulted in a remarkably steady maintenance of consumption, in spite of increased duties, of the main necessities of the masses. In fact, by cutting off imports of precious metals and supplementing her purchasing power by drawing on her reserves of gold, India has been able to keep up her standard of living and her position as a customer for the goods supplied by the rest of the world to more nearly normal levels than most countries. In this way she has avoided an undue weakening of the position of her own potential customers, a result which has been further helped by the release of gold supplies to the world.

Simultaneously with all this the figures show a striking increase in investment by the poorer classes.

30. The result of this survey has seemed to us to justify the assumption for the purposes of our estimates that general conditions as regards consumption of dutiable articles may be expected, even without a striking world recovery, to remain fairly constant next year. But having stated this assumption it is necessary to add a note of warning. Neither the process of drawing on reserves, nor that of agricultural adjustments, can be continued indefinitely. As to the latter point, seeing that the contraction in export demand applies to practically all our export crops, the range of adjustment is comparatively narrow, and, if a further fall in purchasing power is to be avoided or minimised determined efforts are necessary both to make the most of every possible export outlet for our produce, and to supplant by local production imports of such articles as long staple cotton.

Further, in regard to both points, India remains as deeply interested as any other country in efforts to promote international co-operation and the recovery of world trade. If the present low levels as regards both prices and world demand for agricultural products were to become stabilised, very serious problems would have to be faced and it would be necessary for those responsible for governing India to take stock again of the whole position.

Effects of the general economic position on tax revenue.

31. I want now to show as briefly as possible how some of the broad phenomena which I have been describing appear when translated into revenue results.

32. As might have been expected from what I have said, revenue from salt, kerosine and cotton piece-goods has been very satisfactory for the current year.

We estimate salt revenue at 10·38 crores as compared with a budget estimate of 9·43 crores.

Kerosine import and excise duties are expected to produce 4·25 crores^s as compared with a budget estimate of 4·42 crores.

Cotton piece-goods import duties are put at 6·40 crores as compared with a budget estimate of 3·79 crores.

33. In the case of cotton piece-goods, however, we think it necessary to treat the imports for the current year as to some extent abnormal.

Quantities imported have shown a great advance, the yardage in the 9 months, April to December, 1932, being about 30 per cent. up on the same months in 1930 and about 70 per cent. up on 1931. That this is partly due to other reasons than the price factor is shown by the fact that the recovery has been shared by British goods, the average price of which has not fallen appreciably. To this extent, general causes—notably the waning of the boycott movement—must have operated; but it remains true that so far as Japanese goods are concerned, the very heavy fall in prices which followed on the depreciation of the yen has been the most important stimulus to the import trade. The result was a strong demand from the Indian mill industry for the exercise by Government of their powers of increasing the protective duty; and on August 30th, 1932 this was done, the duty on non-British goods being raised from 31½ per cent. to 50 per cent. *ad valorem*, with the minimum for plain grey goods raised from 4½ annas to 5½ annas a pound. By this time, the imports from Japan had been 257 million yards against 135 million in April to August 1931, with an average value of 2·3 annas a yard against 2·6 annas in 1931. But in this trade it is prospects and forward business that are most important; and that the action taken in August was timely is shown by the fact that the considerable imports which came forward in the following four months had an average value as low as 2·03 annas a yard or 78 per cent. of the 1931 average. The effect of the increase of duty, coupled with the fact that imports made or contracted for before it had been made must have left fairly large stocks in hand, has been a steady decrease in imports so that in January the duty taken on non-British piece-goods was only seven-tenths of that taken, at the same enhanced rates, in September.

34. In close connection with cotton piece-goods I must mention artificial silk goods and mixtures. In spite of the great enhancement of the duty (from 20 per cent. to 50 per cent. and 34½ths per cent. respectively) and in spite of a striking reduction in the value of Japanese goods, the total values of imports have increased.

We now estimate receipts from artificial silk goods at 130 lakhs for the whole year and mixtures at about 20 lakhs, as compared with earlier estimates of about Rs. 70 lakhs and Rs. 13 lakhs respectively.

35. Other special heads under which revenue receipts have been most satisfactory are the new duties on raw cotton and machinery. Our estimate of revenue from the duty on raw cotton is now 62 lakhs against our original budget estimate of 32 lakhs. Similarly, in regard to duties on machinery we now anticipate a revenue of 115 lakhs against our budget estimate of one crore.

36. As against these satisfactory results I must comment on the main heads where we have fallen far short of our estimates. Sugar is the most important item. In this case we now only expect an import of about 435,000 tons producing duties, including land customs receipts, of Rs. 7·80 crores against the budget estimate of 550,000 tons and about 10 crores respectively. The development of sugar manufacture in India, though

satisfactory in itself, is, as I have already noted, making a very serious hole in our revenue. The duty at present works out at something like 166 per cent. *ad valorem*, and it is therefore obvious that if purchasing power which was once put into sugar is diverted to some other commodity paying lower rates of duty, the revenue must be a heavy loser. If, for example, 1½ crores are spent on sugar machinery including the 10 per cent. duty, the revenue gets about 13½ lakhs. On the other hand if 1½ crores are spent on sugar including duty, the share of the revenue in the total purchase price is about 93 lakhs.

37. Silver, again, has failed to come up to our expectations, and it is clear now that we cannot rely on any appreciable imports of any precious metals as long as the present depression continues.

38. Motor cars and cycles have shown heavily reduced figures and we now estimate receipts at 60 lakhs only against 80·63 lakhs budgetted and actuals of 95·01, 72·31 and 63·20 lakhs in three previous years,—despite the increases of the rate from 20 per cent. in 1929-30, when the duty was 95 lakhs to 37½ per cent. in the current year. We have carefully considered representations that this is due to the operation of the so-called law of diminishing returns, but have not been able to satisfy ourselves that this is the case. The use of motor vehicles has not diminished in anything like the same ratio: our estimate for this year for the motor spirit duty (customs and excise) is 4·30 lakhs, equivalent to 258 lakhs at 6 annas a gallon which was the rate in force in 1929-30, when these duties yielded 298 lakhs. It is very obvious that apart entirely from any enhancement of duties, a period of acute depression will affect what I may call capital expenditure more than recurring expenditure, and this factor must be particularly noticeable with motor vehicles, the number of which on the road was probably excessive before the depression came.

39. Of the taxes on luxuries, the most important (apart from silk and artificial silk piece-goods) fall on articles which are such as I have just described as representing recurring expenditure,—that is to say, goods that are consumed on being taken into use. The principal such items are liquors, tobacco and spices and betelnuts. The yield of the tobacco duties which we now estimate at 125 lakhs, has been greatly reduced as a result, not of decreased consumption, but of the transfer to India of the manufacture of many brands of cigarettes that used to be imported: we still get the duty on such imported leaf as is used in making these brands, but that duty is much lower than the corresponding duty on cigarettes. Liquors are standing up pretty well: the heavy increases of duty and the general depression have reduced consumption heavily, but those very increases serve to bring up the estimated yield for the year to a figure not far short of the actuals in 1929-30 and 1930-31. Betelnuts and spices, which have a duty less severe in its *ad valorem* incidence, have been very successful items; any decline in imports has been much more than set off by the increase in duty rates and our revised estimate for these two heads is 76 lakhs against actuals of 46 and 37 lakhs in 1929-30 and 1930-31.

Analysis of Revenue and Expenditure estimates—1932-33 and 1933-34.

40. I have dealt at some length with certain important factors which have played a part in the current year's results because I wanted to make clear what sort of considerations we had in mind in framing our estimates and in deciding what proposals to put forward.

It must be clear from what I have said that to estimate revenue for next year—particularly customs revenue—is, in view of the completely uncertain and abnormal conditions, a task of quite unprecedented difficulty. Indeed I may say that accurate estimation is impossible. In these circumstances and for the reasons which I have explained, we have thought that the most reasonable course is to assume that the general position next year will be the same as for the current year, neither better nor worse, and in particular that India will be able to maintain the same purchasing power for commodities imported from abroad.

41. *Customs*.—The assumption, however, that the value of imports will be maintained does not necessarily imply that the value of the import duties will also remain the same.

I have already explained the special position as regards sugar, showing how the present development of the Indian industry is affecting our revenue. On these considerations we think it necessary to allow for a drop of one crore in receipts from the sugar import duties which will not be offset by any increase under other heads.

In regard to cotton piece-goods also, for reasons which I have explained, we think it necessary to regard the revenue from import duties—at least on Japanese goods—as to some extent abnormal and not likely to be repeated. Here therefore we have allowed for a drop of 30 lakhs.

As against these reductions we have thought it safe to count on a small revenue (25 lakhs) from silver imports—because having closed the gap in our land customs line on the Burmese frontier, through which a large trade in silver from China was suddenly developing in the course of the last year, we think it reasonable to expect a moderate resumption of dutiable imports.

Making allowance for these and other minor variations, our customs revenue estimates for next year are put at 51.25 lakhs showing a reduction of 104 lakhs from the revised estimates of the current year.

The position as regards net receipts may be summarised as follows :—

	Revenue (Lakhs).
Budget Estimate, 1932-33	52,31.27
Revised Estimate, 1932-33	52,28.55
Budget Estimate, 1933-34	51,24.60

42. *Income Tax*.—In our estimates for income-tax we are as in the case of customs making the assumption of a repetition of the current year's results. On this basis we should have receipts of 17.70 lakhs next year to which must be added 53 lakhs representing the tax on official salaries in regard to which the exemption hitherto enjoyed is, according to our proposals, to be removed concurrently with the reduction in the cut in pay which we proposed. The total estimate is thus 18.23 lakhs out of which it is reckoned that the 25 per cent. surcharge will account for 3.50 lakhs, and the tax on incomes below Rs. 2,000 for 70 lakhs.

The position may be summarised as follows :—

<i>Taxes on Income.</i>	Revenue (Lakhs).
Budget Estimate, 1932-33	18,73.38
Revised Estimate, 1932-33	17,70.00
Budget Estimate, 1933-34	18,23.00

43. *Salt*.—The results for the current year justify us in anticipating the continuance of consumption at the present level. We have, however, now exhausted the special temporary acceleration of receipts resulting from the extinction of the salt credit system which was one of the features of our emergency financial plan of September 1931. This produced a special addition to our receipts during the current year of as much as 150 lakhs. Allowing for the disappearance of these exceptional receipts, the net revenue from salt will be 7.58 lakhs.

The position as regards net receipts may be summarised as follows :—

	Lakhs.		
	Revenue.	Expenditure.	Net.
Budget Estimate, 1932-33 .	9,43.40	1,15.69	8,27.71
Revised Estimate, 1932-33 .	10,38.00	1,14.77	9,23.23
Budget Estimate, 1933-34 .	8,75.00	1,16.96	7,58.04

44. *Opium*.—The revenue under this head is being gradually reduced owing to our declared policy of reducing exports. It is also subject to unexpected variations from year to year due to changes in the actual requirements of Foreign and Colonial Governments within their allotted quota. This latter factor accounts for 34 lakhs out of the drop of 38 lakhs in the revised estimate.

The position as regards net receipts may be summarised as follows :—

	Lakhs.		
	Revenue.	Expenditure.	Net.
Budget Estimate, 1932-33 .	1,32.63	71.62	61.01
Revised Estimate, 1932-33 .	94.92	86.36	8.56
Budget Estimate, 1933-34 .	1,20.05	57.36	62.69

45. *Service of Debt and Finance heads*.—It will be convenient if I deal with the service of Debt and the other Finance heads together.

In the first place, as regards interest payments, the reductions shown are satisfactory, namely, 204 lakhs as compared with 1931-32 and 51 lakhs as compared with the revised estimate for 1932-33. I must however explain that the full result of the conversion operations recently undertaken is not yet revealed. The results indeed of the latest operation were not known at the time our estimates had to be compiled; but apart from this there are other special reasons. Although our main conversion scheme has been directed to substituting one form of permanent debt for another, the process has been a continuous one which is not yet completed, and the first actual result in the current year has been to reduce treasury bills held by the public and the Paper Currency Reserve by approximately Rs. 34 crores. Current rates for treasury bills had fallen so low that this aspect of the conversion actually represents, initially at least, an increase in the interest charges. It must be remembered, however, that this large reduction in our treasury bill outstandings is not only a sound operation in itself, but by strengthening the Government position enables it to reduce interest rates both for the remaining volume of treasury bills and for its permanent debt.

A second point which I have to make in explaining the effect of the conversion operations is that the Government of India is not mainly a borrower on its own account. The great bulk of the borrowings is undertaken for the Railways and through the Provincial Loans Fund for the Provincial Governments.

In the case of the Railways in respect of the whole of their capital outlay met otherwise than from specific railway loans we charge them the average rate of interest which we ourselves pay. The total amount of non-specific debt which enters into our calculations for working out the average rate of interest is, in round figures, 450 crores, and the total Railway capital outlay on which interest at the non-specific debt rate is charged is, in round figures, 300 crores. Any savings from conversion operations will therefore be passed on to the Railways to the extent roughly of two-thirds. Bearing these two considerations in mind, as the sterling loan and the four rupee loans floated during the current year almost exactly cover our total liabilities in respect of loans maturing, in the case of sterling in 1932-33, and in the case of rupees in 1932-33 and 1933-34, we can reckon that these maturities have been converted at an annual saving in interest of approximately 70 lakhs for the rupee loans and 9 lakhs for the sterling loan, that is to say, that when the temporary effect of the loss due to the reduction of treasury bills has passed away, the permanent saving to the railways will be in the neighbourhood of 53 lakhs, and to general revenues of 26 lakhs.

46. Apart from this it must be noted that the conversion operations only affect what we call our Ordinary Debt. As regards our so-called 'Other Obligations', although we have reduced the rate of interest on Post Office Cash Certificates from about 6 per cent. to $4\frac{1}{2}$ per cent., the results of this will only very gradually be felt, while in regard to the other heads, Post Office Savings Bank Deposits and Provident Funds, the interest rates which we allow are calculated on methods which will not show any immediate reduction. In fact, as regards the important head of Provident Fund balances, on which we are paying interest at over $3\frac{1}{2}$ crores annually, the rates which we allow will actually show a slight increase next year, because we work on the basis of the average rate of the preceding five years, and we are therefore just now dropping out years when the interest was lower than it was last year.

47. There is, further, another special head under which an increase has had to be provided, which offsets some of our other savings under interest payments, namely, interest on War Debt. The House will recollect that the so-called Hoover moratorium originally extended to the first of the two payments due for 1932-33, and that His Majesty's Government agreed, when the moratorium was first introduced, that as they were not making payments on the debt due from them to America, they would not themselves demand interest on the debt owing from India and the Dominions to them. The House also knows that the moratorium was not extended, and that His Majesty's Government met the full payment on the second instalment due in December last. His Majesty's Government have, however, agreed not to demand any payment due at the present time from their own debtors—India and the Dominions—pending a final settlement of the War Debt question. How that will be settled no one knows, but I hope that it will be in a manner which will bring relief to the debtor nations, for I believe that the world's trade cannot flow in its normal course, nor can any country settle down to normal economic life, so long as these huge international obligations continue as disturbing factors. For the present, however, we have to take account of the fact that the debts exist, and we have made provision in the current year for the second instalment of interest due in December, and for next year on the basis of a full year's payment. For the current year the instalment due, but not demanded, has been debited under the interest head and credited to a suspense account. The amount, however, for which we are making provision next year, has been reduced because we have thought it reasonable to assume that, pending a comprehensive settlement of the

question of War obligations in which India's War Loan liability will possibly be included, His Majesty's Government will at least give us the benefit of a reduction in interest rates corresponding to the reduction which they have achieved by converting the British 5 per cent. War Loan. At the same time we have made provision for repaying by equated annual instalments over a period of 20 years our War Loan liability outstanding at the end of the current year including the arrear interest for a year suspended under the Hoover moratorium. The combined effect of this last-mentioned provision and of the reduction of interest rates is that the full provision for next year is £658,800 against a liability of £836,000 under the original arrangement. I must point out however that for 1932-33 we have only had to provide for half a year's interest at the higher rate, namely, £418,000; so that under the new proposal interest charges are increased by £240,000 or Rs. 32 lakhs.

While we are making provision for this amount it must be noted that we are not allowing for any receipts under the head of reparations, for these remain suspended under the Lausanne agreement.

We can only hope that these matters will be settled in a fair manner during next year and that possibly the settlement may leave us in possession of a margin. This is one of the favourable possibilities for the future.

The net result of the factors affecting Interest payments, some of which I have just explained, is that interest charges show a net reduction of 2.04 lakhs as compared with the actuals for 1931-32 and 51 lakhs as compared with the revised estimates for 1932-33.

48. The other items which may be classified as 'Finance heads' are the provision for Reduction and Avoidance of Debt and the net revenue from Currency and Mint. Under these heads there is no striking change as compared with the revised estimates. The provision for Reduction and Avoidance of Debt is put at 688 lakhs for next year as compared with 684 for the current year. The amount is arrived at automatically according to the present convention which is well known to the House. An important point to note is that it is a substantially heavier burden now than it was in the period of prosperity from 1923 to 1928—in fact, it is 2½ crores more than the annual average for that period.

49. As to Currency and Mint, the receipts under this head automatically go down when the rate on treasury bills falls. We are allowing for a net reduction of 61 lakhs as compared with the revised estimate for the current year.

50. It will be seen from what I have said that as regards Finance heads there is no great change compared with the revised estimates for the current year. Net interest charges are down by 51 lakhs, Reduction and Avoidance of Debt is up by 4 lakhs, and the net revenue from Currency and Mint is down by 61 lakhs. Interest receipts show a small decrease of 1 lakh. There is therefore a net deterioration of 15 lakhs.

51. *Commercial Departments.*—I now turn to the remaining important factor—receipts from Commercial Departments. So far as the Railways are concerned I need say little. We take credit in our budget for full interest payments, although, as the Honourable Member for Railways has explained, these can only be met by trenching on the unspent balance of the allocation for depreciation.

As to the Posts and Telegraphs, the position remains, I fear, unsatisfactory. The net loss on working account, which has to be carried in our budget, for next year is put at 57 lakhs as compared with about 48 lakhs in the revised estimate for the current year. This increase of 9 lakhs in the loss allows for an extra charge of 27½ lakhs on account of pay due to the proposed reduction in the cut and 15 lakhs on account of increments. As a small increase of 8 lakhs in revenue has also been assumed, net economies of 25 lakhs have accordingly been achieved in other directions.

52. *Expenditure position.*—Having thus dealt with the position as regards Tax revenue, Finance heads and Commercial departments, I must now turn to consider the main heads of expenditure, Civil and Military. It is this expenditure which above all needs careful watching, and I have no doubt that, now that our main retrenchment campaign is concluded, Honourable Members of the Legislature will feel it to be especially their function to satisfy themselves not only that we have carried out our promises, but also that we are not relaxing our efforts to achieve economy. With that I entirely agree, for I have always taken the view that the pressure for economy must be continuously applied and should not be allowed to become a process of violent energy at one moment to be followed by a period of lassitude and relaxation continuing until a new emergency arises. If, in giving an account of the present position, I am led into very small details, that is a reminder of the fact that it is only by painstaking attention to every detail that expenditure can be controlled.

53. *Civil Expenditure, 1932-33.*—The budget estimate of Civil expenditure for the current year (1932-33), i.e., excluding military expenditure, expenditure on Commercial department and Debt services, was 20,65 lakhs. Our revised estimate now gives the figure as 20,89 lakhs. There is thus an apparent increase of 24 lakhs. But a closer examination shows that this increase does not denote any increase in real expenditure, and, indeed, that the economy in recurrent expenditure has been greater than that which we promised. The figure of expenditure as shown in our accounts has had to be increased because special items amounting in all to 68½ lakhs, but the great bulk of which do not denote real expenditure, have had to be included.

54. I can classify these items as follows:

- | | |
|--|-----|
| (a) Items which merely appear under expenditure heads in the accounts but are not expenditure in the ordinary sense. These come to a total of 40½ lakhs. The details are as follows:— | |
| (1) Increase in the share of Customs revenue payable to the Travancore and Cochin Darbars. This is unavoidable under the terms of the agreement. It is not really expenditure, but rather a deduction from revenue | 2 |
| (2) Extra payments under Opium. This is necessitated by the fact that the yield of the crop was unexpectedly high. The opium has to be purchased from the cultivators, but of course the cost will all be subsequently recovered | 15½ |
| (3) Increased expenditure on fumigation of imports of American cotton. The whole of this cost is recovered | 3½ |
| (4) Carry-forward of certain expenditure from 1931-32 to 1932-33 (Aerodrome works at Juhu and cost of currency note forms) | 3½ |

- (5) Increase in the *net* expenditure under Survey of India and the Indian Stores Department owing to short recoveries due to financial stringency and general trade depression. This item does not represent increased expenditure, but as the amount of this grant in the budget is the *net* amount after deducting recoveries, this net amount is increased if the recoveries are reduced 4½
- (6) Payments to local Governments on account of re-allocation of leave and pensionary charges of officers lent by them to the Government of India and re-classification of certain other charges (port quarantine charges, etc.) as central 11
- Most of this merely represents the discharge of a liability already accepted. The potential liabilities under this head are now practically exhausted.
- (b) Special non-recurring items. These account for a total of 17 lakhs and are made up as follows :
- (1) Provision for the annual Research Grant to the Imperial Council of Agricultural Research not included in the original budget. This grant was suspended as part of the economy measures. As, however, a surplus is available on the 1932-33 budget, it was decided to recommend a special grant out of this surplus to the Imperial Council of Agricultural Research, which will increase their balance to a sum sufficient to provide for the completion of all the projects which they actually have in hand. A motion for a supplementary grant to cover this item will be moved in due course. The regular annual provision of this 5 lakhs still remains suspended 5
- (2) Increased terminal charges on pensions including commutation payments. These charges in excess of our original estimates had, of course, to be met 12
- (c) Items of special unforeseen expenditure. These amount only to the small sum of 11 lakhs. The following are the details :
- (1) Expenditure on staff and roads in connection with the Khirtar Canal colonisation scheme ½
- (2) Expenditure on account of the special session of the Legislature in November 1½
- (3) Expenditure on account of the third Round Table Conference, the Ottawa Conference and the Capitulation Tribunal 4½
- (4) Expenditure on repairs necessitated by flood damages 3½
- (5) Other minor items ½

55. As the special items to which I have just referred amount to 68½ lakhs, and as the total accounts expenditure for 1932-33 shows, as I have explained, an increase of only 24 lakhs, it follows that under the other heads of real expenditure we shall have achieved during this year economies of 45 lakhs more than we promised. It may be remembered that in my budget speech in March last (paragraph 34) I stated that, broadly speaking, against a total retrenchment in expenditure of 499 lakhs recommended by the four civil

sub-committees, Government had achieved economies of 433 lakhs, or nearly 87 per cent., before allowing for terminal charges which the committees did not take into account. The results according to the revised estimate for the current year which I have just given show that the actual economies achieved in normal expenditure amount to 45 lakhs more than this, that is to say, to a total of 478 lakhs, or nearly 96 per cent. of the amount recommended by the retrenchment committees.

56. *Civil Expenditure, 1933-34.*—Turning to the estimates of expenditure under these civil heads for next year, I am glad to be able to report a still further improvement. As compared with the current year with its budget estimate of 20,65 lakhs and the revised estimate of 20,89 lakhs, the estimates for 1933-34 are 20,53 lakhs, that is to say, a reduction of 36 lakhs on the current year in spite of the following facts; first, that we have allowed for reducing the cut in pay to 5 per cent. thereby incurring extra charges of 28 lakhs on these particular civil heads, secondly, that we have to meet the normal increments in time scale pay which still involve an annual addition of something like 15 lakhs, and thirdly, that we have to meet new obligatory expenditure amounting to about 17 lakhs, the nature of which I shall shortly explain. If all these items are taken into account it will be seen that the total of the net reductions otherwise effected under the normal heads of expenditure amount to no less than 96 lakhs. Honourable Members may say that they are not concerned with this figure but only with the saving of 36 lakhs actually effected, but I have given these explanations in order to show how we are continuing the retrenchment effort and what a constant effort is required *merely to prevent expenditure from growing.*

57. I must now explain the nature of the items which go to make up the 16½ lakhs of new unavoidable expenditure as shown in the accounts to which I have referred.

- | | |
|---|----|
| (1) Further increase in the share of Customs revenue payable to the Travancore and Cochin Darbars. | |
| This, as already explained, is not really expenditure but a transfer of revenue under the existing agreement . . . | 1 |
| (2) Additional expenditure on income tax staff in Bombay necessary in the interests of revenue . . . | ½ |
| (3) Further expenditure on staff and roads in connection with the Khirtar Canal colonisation scheme . . . | 1 |
| (4) Expenditure under Police on construction of police quarters and rearmament of police . . . | 1 |
| (5) Increased charges under Political on account of re-equipment of police, maintenance charges of buildings, replacement of a motor-car, additional establishment for Gyantse Trade Agency and land compensation charges . . . | 1 |
| (6) Grant for Sugar Research . . . | 1½ |
| (7) Additional expenditure under Aviation for works and staff . . . | 1 |
| (8) Cost of compilation of inter-provincial trade statistics . . . | 2 |
| (9) Cost of new civil works, <i>viz.</i> , improving the roadway on the Jumna bridge and Sibi water supply scheme . . . | 4½ |
| (10) Lump provision for the Joint Select Committee . . . | 1½ |
| (11) Other petty items (including about ½ for meteorological facilities for Karachi-Madras air route) . . . | 1½ |

It will be seen from this list that most of these items are beneficial expenditure. The largest of them—which I specially wish to mention—is a provision of 2 lakhs for improvement in our statistical records. This represents one step in a general plan for improving our economic intelligence organisation which we are now preparing.

58. *Military Expenditure.*—When I turn to the provision for the Military or Defence Budget the results are equally, or even more, satisfactory. For the current year (1932-33) allowing for the full effects of the 10 per cent. cut in pay, the net budgetary allotment was 46·74 crores. For next year the net expenditure provided for in the estimates, after allowing for an extra charge of 52½ lakhs due to the reduction of the cut in pay to 5 per cent. is 46·20 crores. That is to say although the pay bill is increased by 52½ lakhs the net expenditure is to be reduced by 54 lakhs. The further economies made therefore in other directions amount to 106½ lakhs.

59. It is necessary of course to point out that the provision now made is cut very fine, and that to some extent the reduction in expenditure progressively effected over the last five years is due to the fall in prices of commodities which the Army has to buy. The difference between commodity prices as taken for the present estimates, and those prevailing in 1928-29, represent a saving on the whole budget of about 1 crore. If prices were to rise again, as in the general interests of the country one must hope they will, obviously under this head charges would increase.

I must also point out that this budgetary provision includes no margin for unforeseen expenditure, or for the continuance of the re-equipment programme which was laid down in 1928 and which is still being financed (to the limited extent which is possible) from reserves accumulated under the stabilised military budget system which was then inaugurated.

60. Nevertheless, while these facts must be borne in mind, I cannot but feel that the reduction in the net military budget from 55·10 crores (including the Territorial Force grant) in 1929-30 to 46·20 crores in 1933-34 is a very satisfactory achievement. There are some ungenerous critics who, when they see large savings effected in public expenditure, are inclined to say that that only indicates how extravagant was the original provision. I must indeed confess that I make it my business, as Finance Member, to be perpetually telling the spending departments something very much on these lines. But, in the case of the economies effected in the last two years by the officers of the Army from the highest downwards, I know that a great part of their work has been, not the elimination of unnecessary or wasteful expenditure, but the giving up of cherished schemes destined to increase the efficiency of the Army or the amenities for the troops. They have given them up without rancour because they recognised the greater urgency in the public interest of preserving financial equilibrium during these critical times, and they have for this reason been wholehearted co-operators with the Finance Department in a task which I know has been most distasteful to them. The public interest can never be served properly without such co-operation. What I say of the Army is equally true of the other departments, and I hope that this Assembly will not deem it unfitting that I should take this occasion of expressing my gratitude to them for the part which they have played in our common effort to restrict public expenditure.

61. *Expenditure Position. Summary.*—The net result is that as regards the two main fields of administrative expenditure—the Civil heads, excluding expenditure on Commercial departments and Debt services, and the Defence

budget—the budgetary provision for next year comes to a total of 66·73 crores as compared with a total of 67·63 crores for the current year. The total provision has thus decreased by 90 lakhs in spite of allowing for extra expenditure of about 80½ lakhs under both heads due to the reduction of the cut in pay to 5 per cent., and in spite of the normal and unavoidable growth of expenditure due to increases in the pension bill and to the increments accruing under the time-scale system on salaries, which involves an increased provision next year of about 20 lakhs.

I would before leaving this subject like to remind the House that the expenditure in these two fields which stands for 1933-34 at 66·73 crores amounted in 1929-30 to no less than 78·82 crores.

62. The explanations which I have now given show in what respects, our estimates for next year must differ from the revised estimates for the current year, although as I have explained, we have adopted as a foundation for next year's estimates the assumption that the general conditions of the current year will be repeated.

63. I may summarise the position as follows :

		Rs. lakhs.	
		Better.	Worse.
REVENUE—			
<i>Customs.</i> —(Reduction due to fall allowed for in imports of sugar and cotton piece-goods) . . .	..		1,04
<i>Income-tax.</i> —(Increase due to removal of exemption from surcharge on Government servants) . . .	53	..	
<i>Salt.</i> —(Reduction mainly due to termination of temporary increase in receipts on termination of credit system)	..		1,63
<i>Opium</i>	25	..	..
<i>Finance heads.</i> —Net changes including additional expenditure of 1 on account of part restoration of cut in pay	..		15
<i>Commercial departments.</i> —Net revenue	..		11
<i>Miscellaneous.</i> —(Reduction of 30 due to no provision being included in next year's estimates for Gain by Exchange)	..		45
EXPENDITURE—			
<i>Military.</i> —	{	[Net reduction effected in spite of part restoration of pay cut costing 79½ lakhs under these heads as compared with the revised estimates. (This net reduction together with the reduction of 5 under Irrigation and Currency and Mint taken on the revenue side gives a total reduction of 90 as mentioned in para. 61)	
<i>Civil heads.</i> —			
		85	..
Total .		1,63	3,38

64. As a result of the changes thus summarised the net deterioration for next year is estimated at 175 lakhs, and thus the surplus of 217 lakhs shown in the revised estimate for the current year will be reduced to a surplus of 42 lakhs.

The comparison between the two years may be thus summarised.

		Rs. crores.		
		1933-34.	1932-33.	
		Budget.	Budget.	Revised.
Revenue		124.52	129.96	127.13
Expenditure		124.10	127.81	124.96
Balance	.	42	2.15	2.17

BUDGETARY PROPOSALS, 1933-34.

65. These figures are arrived at after allowing for the proposals as regards pay which were announced in the communiqué of February 3, and without them we should, on the basis of the retention of all existing taxes, have shown an estimated surplus of 97 lakhs. That then is the position which I have to put before the House, and I must now explain what we consider to be the right policy in this position.

The cut in pay.

66. In the first place I must say something about the proposal as regards pay which as I have just explained has been allowed for in our estimates.

Before explaining the details as regards its financial effects, I want to clear up one point about our procedure. We regard this proposal as being an essential part of the budgetary plan. Its justification must depend on the budgetary position and cannot be discussed without full knowledge of that. In these circumstances the normal course, and the course which we should have thought right, would have been to make the announcement as part of the budget speech, so that Honourable Members might simultaneously know the whole position and the whole plan for which Government sought their approval. Unfortunately that course was not practically possible, because on February 3, the budgetary proposals for the Railways had to be put before the Standing Finance Committee for Railways, and it was impossible to do this without revealing proposals about the pay cut for Railway officials. We could not put forward the Railway Budget on a hypothetical basis, nor could we feel it right in the special circumstances of the present case to treat the Railway staff on a basis different to other Government servants. For this reason we were forced to announce the whole plan which we proposed four weeks in advance of the budget speech.

67. The precise financial effect of the present proposals has already been indicated as regards particular departments in my earlier remarks, but I think it well to summarise the position.

For the Central Government civil services, including the Posts and Telegraphs Department, but excluding the Railways, a restoration of the full cut in pay for twelve months would cost about 1.22 lakhs.

For the Army, taking the officers affected by our cut, it would cost 1.14 lakhs.

As under the original plan the 10 per cent. cut was to apply to all pay earned up to March 31, 1933, and as salaries are always paid on the first day of the month following that in which they are earned so that March pay is debited to the accounts only on April 1, there will in any case be one month

of the full cut included in the budgetary expenditure of the financial year 1933-34. Therefore any reduction in the cut for next year only affects eleven months' pay borne on the 1933-34 budget.

To reduce the cut in pay to one-half for eleven months means on the Civil side	55½ lakhs.
and on the Army side	52½ lakhs.
The total cost therefore is	108 lakhs.

As against this the Central budget will recover as a result of the withdrawal of the exemption of income-tax surcharges and the tax on incomes below Rs. 2,000 from Government officials—not only officials paid against the Central budget, but officials of the Railways and officials serving under the Provincial Governments—a net increase in income-tax receipts of 53 lakhs*.

The net cost of the proposal to the Central Government is thus 55 lakhs.

68. The considerations on which this proposal has been put forward by the Government of India are first, that it represents the maximum concession which the financial situation justifies, and secondly, that there are very strong reasons for going as far as the maximum which is justifiable. I do not propose now to go into all the arguments or to anticipate what may have to be said hereafter in the course of debate. I can explain Government's position in this matter very simply as follows.

69. In the first place I must recall what I said when introducing the original proposals in September 1931. We hoped then that the emergency with which we were called upon to deal was a temporary one, or at least that the degree of intensity which made the imposition of these extreme measures necessary would have passed by March 31, 1933. The cut in pay was thus definitely intended to be merely a temporary measure justified only by an extreme and, as we hoped, temporary emergency. It was essential to make this purpose clear, and I therefore stated as one of the main conditions that the cut

"should be of a temporary nature not extended beyond the need of the present exceptional emergency. Its justification is in the need for a common sacrifice in a national emergency."

Further, in summing up the position, I again said :

"It must be clearly explained that there is no intention that they should remain operative beyond March 31, 1933. They will not be continued beyond that date without further examination of economic conditions....."

We have acted exactly in accordance with the intention thus indicated. We have very carefully reviewed the economic conditions, and we have arrived at the definite conclusion that while we can take the risk of making some reduction, nevertheless an emergency continues sufficient to make it impossible to restore the whole of the cut.

*Note.—The actual increase in income-tax paid directly by officials is 67 lakhs, but the net gain is only 53 lakhs. The explanation of this is that, for special reasons, the value of the exemption in the case of Railway officials was previously being paid to Government by the Railway administration. This amounts to 14 lakhs, and of course when the Railway officials themselves pay the tax, the Railway administration will cease to make this payment.

That, then, is the first point which I must make, namely, that we regarded, and still regard, the cut as a temporary measure.

The second point is this, that we regarded a cut in the fixed pay of Government officers as an extreme measure only to be taken in the very last resort after the efforts of all other feasible measures for dealing with the situation had been exhausted. Obviously a measure which is thus only justified in the last resort ought to be the first to go when any relaxation is possible. On this point also I made our purpose perfectly clear in September 1931. I said, after expressing the hope that it would be possible in 1933 to relax the emergency measures :

"It is perhaps forecasting events too much to say in what order these reductions should be made. But there are certain principles which we consider must be observed. Relief must come first in restoring the emergency cuts in pay and secondly in taking off the surcharge on the income-tax now to be imposed."

Therefore on this point also we are acting in accordance with our declared purpose.

70. Now in dealing with this matter I have to make our position clear both to those who may think we have gone too far in the present proposal, and also to those who may think we have not gone far enough.

I will deal with the latter first. To them I would say that we have acted exactly in accordance with our declared purpose and that we have gone to the maximum extent that we considered justifiable. It must also be remembered that in deciding our policy we had to take into account not only the budgetary position of the Central Government, but also that of the Railways in which we are directly interested, and, further, that of the Provincial Governments who might be affected by our example and whose financial troubles react upon both the Central Government as their bankers, as also generally upon the financial position of India as a whole. Taking into account these wider implications we felt it to be absolutely clear that we could not go further at present towards the restoration of full pay than the half measure which we have proposed.

71. To those who may think that we have gone too far, or that we ought not to have taken this step in priority to relaxation of measures of taxation, I wish particularly to emphasise that this must not be regarded as optional expenditure to be weighed in the balance against other possible demands on the public funds. Government is not really meeting its full obligations as long as it is not paying the fixed rates of pay of its officials—rates, moreover, which in certain cases are guaranteed by the Government of India Act. Government is therefore bound to regard the task before it as one of producing a balanced budget after including full pay to its servants. In fact there is only one criticism which we could regard as relevant and valid, and that is if it could be maintained that the proposed remission goes further than financial conditions warrant. In this connection I would remind them of one very important point which I have brought out earlier in my speech, namely, that in spite of the actual addition of Rs. 108 lakhs on the expenditure side which this proposal involves or excluding the Posts and Telegraphs Department 80½ lakhs, we are able to show a net reduction in the Civil and Military expenditure of Rs. 90 lakhs. This fact alone should answer many criticisms. Apart from that, as regards financial justification, the action now proposed must be judged by the results. What we hope is that conditions will so improve during the next year that it may be possible not merely to avoid retracing the step now taken, but to take the further step of restoring full pay and after that making a start in reducing

the burdens of taxation. Beyond the expression of such a hope it would be rash to go.

72. I may add one final point for consideration by critics who may think this proposal unduly favourable to the Services, namely, the significance of our having in our proposals coupled a reduction of the cut with the removal of the income-tax exemptions. We felt it to be important to get rid as soon as possible of the position in which Government officials were treated as a special class as regards taxation, and subjected to special burdens in lieu of some of the burdens of taxation falling upon ordinary citizens. Honourable Members who criticised our original proposals were always very ready to calculate the exact value of these exemptions. I trust that they will be equally ready to recognise what the burden of their removal means. For officials on the highest rates of pay it means that they benefit very little from the present proposal; in fact, for officers earning Rs. 1,500 per month and over, the surcharges amount to from 2½ to nearly 4½ per cent. The greater part of benefit is felt in the lower grades. The final result in any case is that Government officials are still subjected to a very special burden, for they have to suffer not only the heavy burden of ordinary taxation but are further penalised by a special deduction of 5 per cent. from their salaries.

73. There is one consequence of our proposals which must have struck all Honourable Members. So far as the net burden to the Central Government is, under these proposals, mitigated by the recovery of full income-tax surcharges from Government officials including those serving under the Provincial Governments, it may be argued on behalf of the latter that it is inequitable that we should thus for our own benefit convert a deduction which was formerly treated as a cut in pay into a deduction in the form of income-tax. We cannot admit that such a result would in any sense be improper, for it follows necessarily from the present constitutional position as regards taxation, and we would regard it as a very dangerous precedent to admit that the Central Government may have to give up the proceeds of taxes on the ground that they are borne by officers serving Provincial Governments. Nevertheless so long as an emergency justifying a cut in pay persists it must be admitted that the circumstances are exceptional, while, having regard to the sequence of events, it must be recognised that there is some ground for the feelings of Provincial Governments. We desire within the limits of our resources to take account of these special considerations, and if the financial results for the year prove that it is possible, we intend in due course to put before the Legislature proposals that, in the case of Provincial Governments that can satisfy us that they are in unavoidable deficit, special grants shall be made to them representing the amount collected during 1933-34 from the emergency income-tax increases now to be levied for the first time on the salaries of such of their officials as are still subjected to a cut in pay. Our estimates show that the total amount involved for all officers in the service of the Provincial Governments would be about 36 lakhs. If therefore our budget estimates are realised we shall be in a position to make these grants.

74. Having explained the considerations which guided us in making our proposals about the cut in pay, it will be fairly obvious to Honourable Members what our general policy in other matters must be. We have treated the restoration of the cut as our first objective, and the tentative step of partial restoration which we have proposed represents the limit to which we think it safe in present circumstances to go. Otherwise the whole carefully balanced framework of the financial plan which we introduced in September 1931 must in our view remain undisturbed. The position is sound; the plan has worked

and proved equal to the emergency ; budgetary equilibrium has been restored. But the future is still dark with uncertainty. Some of us, and I am one of them, may feel hopes that an improvement is coming. But one cannot make budget estimates or frame financial policy on hopes. We are materially better off than we were in September 1931 in the sense that we have got the measure of our difficulties and proved that our structure is strong enough to stand up against the storm, at least as hitherto experienced; but there could be no more fatal folly than to weaken that structure before the storm is over, and thus jeopardise all the success which has been achieved.

75. We therefore think that the structure must, at least until things are clearer, remain unaltered, and I have accordingly no remissions of taxation to propose.

76. We have considered very carefully whether in any cases of customs duties a point of so-called diminishing returns has been reached, but I am quite satisfied that there is no class of ordinary imports in regard to which a reduction of the duty would so stimulate the demand as to produce an increase of revenue. I have little doubt that in the course of the budget debate questions of this kind will be raised, and I can defer a statement of the evidence in regard to any particular item until then. We have given special consideration to two very high import duties, those on silver and sugar. As to silver, it might perhaps be argued with greater force than in the case of any other article that a reduction in the duty might stimulate consumption, or at least that, as we are recovering so little duty now, we could afford to risk the experiment. If revenue were the only consideration there is doubtless a good deal in the argument. But we had to take other considerations also into account. The internal price, which affects many classes in India, depends on the rate of the import duty, and any lowering of that would have had a disturbing effect. On the whole we thought it to be in the public interest not to introduce disturbing factors of that kind just now.

In the case of sugar it is essential to remember that the present rate of duty is substantially higher than the maximum protective duty recommended by the Tariff Board. It is conceivable that a lowering of the duty might in this case stimulate imports of foreign sugar. But just at this moment many new factories are being started and for that reason one must hesitate to make any sudden change. On the other hand it would be highly imprudent for those who are investing money in the sugar business to forget that present conditions are more favourable than those on which, according to the recommendations of the Tariff Board, they have any right permanently to rely. For this reason a due proportion of the profits that are earned on the present basis ought to be accumulated as reserves, for no right can become established to a continuance of the present position.

77. As regards Taxes on Income, we deplore as much as anybody the necessity for a continuance of the present rates, but all that we can promise, and this we do most sincerely, is that they will not be continued longer than is necessary and that all our efforts will be directed to keeping down expenditure, and to preparing in other ways for a lightening of this particular burden.

78. While our general plan is, as I have explained, to stand on our present position without weakening any part of it, there are three proposals of minor importance which are included in the Finance Bill and which I must now explain.

79. The first two are changes in the import duties on boots and shoes and artificial silk goods which can be described as revenue measures with a protective significance. Their justification really depends on a combination of these two qualities.

80. Special taxes, going beyond the ordinary 25 per cent. surcharge, viz., a specific minimum duty on boots and shoes and enhanced rates of duty on artificial silk manufactures, were imposed on these two classes of articles in the Emergency Act of 1931, and these have proved excellent revenue producers. We estimate the yield from the duty on boots and shoes during the current year at Rs. 27 lakhs, while the year's yield from artificial silk manufactures may be roughly estimated at nearly 1½ crores. In the revenue estimates for 1933-34 I have assumed that these two taxes will bring in as much revenue next year as in the current year, but it would not be safe to reckon on such a result if the duties were left unchanged. I will explain the reason for this.

81. First, in the case of boots and shoes, establishments have been set up in India for the production of shoes made from imported canvas uppers and imported rubber soling sheets. Both of these constituents pay duty at no more than the standard revenue rate, and the result is that by this very simple process of merely assembling in India what are really foreign manufactures the amount of duty paid by importers is very greatly reduced. The Bill proposes, therefore, to apply to uppers for boots and shoes a minimum specific duty at half the rate applicable to complete boots and shoes. This will do much to safeguard the revenue, while it will at the same time leave some slight margin of advantage to the local assembly plant as compared with the importer of the complete article. Leather uppers, which in any case could not be cheap enough to fall within the scope of the minimum specific duty, are excluded for the technical reason that the *ad valorem* duty to which they are liable is, owing to the operation of the Ottawa Trade Agreement, different from that applicable to other uppers.

82. I now come to the second group of proposals which relate to artificial silk goods and to mixtures in which either silk or artificial silk may be included. The existing rate for mixtures is, owing to the operation of surcharges, 34⅔ths per cent. This item was introduced as providing an intermediate rate between that applicable to silk and that applicable to the other textile ingredient, whatever it may be, with which the silk is mixed. With the raising of the duty on non-British cotton piece-goods to 50 per cent. by the notification of last August, a new situation has been created, for manufacturers of such goods can escape this special duty by introducing at a trifling expense a very small quantity of silk or artificial silk into the warp or weft of cotton goods, and thus secure assessment at the lower rate of 34⅔ths per cent. applicable to mixtures—a result which would not only involve loss of revenue but would impair the operation of the protective policy of the Government. We have rejected a proposal that the mixed rate should be raised to 50 per cent., since that would be unfair to all the remaining classes of silk or artificial mixtures where the duty is still an intermediate one, and have resorted instead to the device of a minimum specific duty.

83. While a change in the duty on mixtures has been necessary for these reasons, it has also appeared desirable to us to guard against any falling off from the very satisfactory revenue that we have been receiving from the higher *ad valorem* duties on pure artificial silk goods, the imports of which are 99 per cent. Japanese. Such losses might occur either through a further fall in prices of Japanese goods, or through a decline in the volume of imports. We are also not able to leave out of consideration the possibility that to some extent competition of these goods, no less than of mixtures, when imported at very cheap rates, may impair the effectiveness of the special protective duties on cotton piece-goods. Here again merely to raise the *ad valorem* rate

would not only be a dangerous device from the revenue point of view, but would also be unfair to the manufacturers of the more expensive article in countries other than Japan; and for both these reasons we have in this case also resorted to the device of a minimum specific duty.

84. The duties which we propose in both these cases have been carefully worked out in the light of the objectives to be attained, and they are 4 annas per square yard for pure goods and 2 annas 3 pies for mixtures.

(I may here note that in the case of both these proposals no distinction is made between silk and artificial silk. I have already explained why this must be so in the case of mixtures. In the case of pure goods, although the arguments in favour of imposing the specific duty for pure artificial silk goods do not apply to pure silk goods, nevertheless in practice it is highly unlikely that the duty which we have proposed will ever come into operation with silk goods; while it is desirable on administrative grounds to maintain the duty on silk goods and artificial silk goods at the same level. We are therefore nominally extending the minimum to silk goods also. We do not think that these specific duties should be applied to fents, which, as in the case of cotton fents, will remain liable to the ordinary *ad valorem* duty.)

The value per square yard of the classes of piece-goods concerned can only be estimated, since the trade is recorded in linear yards, but on the best estimate that can be made we calculate that with present prices the *ad valorem* incidence of the proposed duties will, in the case of pure artificial silk goods, be 100 per cent. on the Japanese and from 26 to 32 per cent. on others; while on silk and artificial silk mixtures the average incidence will be 47 per cent. on Japanese goods and from 32 to 36 per cent. on others. In regard to mixtures I would remind the House that we are here mainly concerned with a possible abuse of the mixture definition so as to pass off what should really be called cotton goods as mixtures, in which case the *ad valorem* incidence of the specific duty would be very much higher.

Finally, I may say that we are making one more slight change and taking this opportunity to round off to 35 per cent. the present duty on mixtures, which, owing to the operation of the two surcharges, has reached the uncomfortable figure of 34½ per cent.

85. The last of the three small changes which, as I have explained, we are proposing in the Finance Bill is designed to benefit not the Central but Provincial revenues. The House will remember that the stamp duty on cheques was abolished with effect from the 1st July 1927 on the recommendation of the Currency Commission of 1926. It was hoped that the abolition of the duty in India would lead to a wide adoption of cheques as a means of payment and thereby to a desirable encouragement of the banking habit. The actual results, however, have not been encouraging, and from enquiries made the Government of India believe that the remission of the duty has not had much effect. The report of the Indian Central Banking Enquiry Committee tends to confirm this belief, as it found that the most serious obstacle to the growth of the cheque habit in the country was the illiteracy of the people. We therefore felt that we had no strong grounds on which to resist the demand which has been pressed upon us by various Provincial Governments that the stamp duty should be reimposed in order to help their revenue, and we have accordingly somewhat reluctantly agreed to propose a reimposition of the duty for a limited period of three years. In order to allow due notice to banks and the public the change will, according to our proposal, only come into effect on the 1st July 1933. A provision for this purpose is included in

the Finance Bill. The legislation must be central but the proceeds will be divided among the Provinces. We estimate that the proceeds in a full year will be about seven lakhs of which the greater share will go to Bombay and Bengal.

86. *Ways and Means*.—I must now turn to a review of the Ways and Means position for the current year and the next.

The outstanding features of the year have been the sensational improvement in our credit both in England and locally, which enabled us to fund a much larger amount of our loan commitments than appeared possible when I made my budget speech last year, and the strengthening in our currency reserves which has been possible as a result of the improvement both in our credit and in sterling exchange.

87. I will deal first with the latter. In my budget speech for 1932-33 I showed that one of the first sequels to the currency policy adopted in September 1931 was a large demand for currency in India. This currency had to be supplied, and though we were able to effect large purchases of sterling we decided that in the first instance the additional currency should be provided by the creation of *ad hoc* treasury bills, and that the sterling should be used for other purposes, such as the liquidation of our immediate loan liabilities in London. In this way we effected a net expansion of 35 crores against treasury bills. At the same time, I indicated that if in the current year we obtained more sterling than was necessary for supplying the requirements of our Home Treasury and the repayment of sterling loans falling due, the surplus would be used to strengthen our sterling currency reserves. This policy has been carried out and sterling securities have been substituted on a large scale for Treasury bills, the net reduction of the latter so effected during the year amounting to 14,39 lakhs.

I have already dealt with this question in my broader survey of the position as regards gold exports.

88. *Loans*.—In my last budget speech I anticipated that it would be possible to reduce the amount of treasury bills held by the public by about $7\frac{1}{2}$ crores from the current resources, and that we should not have to raise any loans during the year except to meet our maturing liabilities. I indicated, however, that if conditions were favourable we should take the opportunity by loan issues to strengthen our position and in particular to fund as much as possible of our floating debt. The continuous rapid improvement in our credit enabled us to float no less than one sterling and four rupee loans at rates which improved from over $5\frac{3}{4}$ per cent. to something below $4\frac{1}{2}$ per cent. The results of the latest conversion loan operation are not yet fully known, and when the estimates had to be completed early in February we could only work on guesses as to how much would be converted. For the purpose of the printed estimates we have assumed that Rs. 22 crores would be converted, and I have had to work out all my figures on this cautious assumption, though this amount had actually already been reached by February 21st. If I assume a higher figure, say, 30 crores, the position is that against an originally estimated discharge of permanent debt of $26\frac{1}{2}$ crores during the year we shall be able to discharge nearly 78 crores, and in addition to reduce the treasury bills outstanding with the public by 19,53 lakhs as compared with our original estimate of 7,51. When the discharge of *ad hoc* treasury bills, to which I have already referred, and the repayment of Ways and Means advances are included, this means that during the current year we shall have been able to fund immediate liabilities to the huge amount

of 121 crores, as compared with a budget estimate of 34. The bulk of this has been converted into regular loans for which the obligatory maturities range from 8 years in the case of the first loan issued last year, to 37 years in the case of our latest conversion scheme. The details of these loans are as follows :—

REVISED, 1932-33.						Rs. lakhs.
<i>India.</i>						
4 per cent. 1943	.	.	.	.	.	14,67
4 per cent. 1960-70	.	.	.	.	.	30,00
5 per cent. 1940-43	.	.	.	.	.	24,68
5½ per cent. 1938-40	.	.	.	.	*	18,76
						88,11
<i>England.</i>						
5 per cent. Stock 1942-47	.	.	.	.	.	12,67
Total						100,78

89. Our general programme has also been helped by exceptionally large receipts from post office cash certificates and savings bank deposits. Though the cheapening of money rates has enabled us to reduce the yield on the former from 6 per cent. to 4½ by two stages, the latter becoming operative on January 1, on which date most banks in India also reduced their rate of interest on deposits, no less than 14,35 lakhs was obtained from these two sources, as compared with the budget estimate of 7 crores, and an average of less than 5½ crores for the 5 years from 1926 to 1931. I want to direct particular attention to this result on which I have already commented in my general review of the economic position.

90. *Capital Expenditure—Railways.*—The Railway capital outlay in the current year is now estimated to be 81 lakhs as compared with 4,15 lakhs estimated in the budget—this reduction meaning an improvement of 3,34 lakhs in our Ways and Means position. As against this, the results of normal operations have made somewhat heavier demands on our Ways and Means position than was anticipated. The gross receipts continued to be disappointing, though the fall was largely offset by increased savings in working expenses.

The net result is that a loan of 934 lakhs had to be taken from the depreciation fund as compared with the estimate of 759 in the budget. In this connection, however, I must point out that the accretion to the depreciation fund during the year was 815 lakhs so that the effect of this loan is to reduce the fund by only 119 lakhs, from 14,86 to 13,67.

91. *Provincial drawings.*—The provincial drawings have been much less than was anticipated when framing the budget, amounting to 564 lakhs as compared with 10,62, this being the effect of the policy of the drastic restriction of advances from the provincial loans fund to capital works already in hand, and the curtailment of these as far as possible. Unfortunately, though the position of some Provinces was better than anticipated, others, particularly Bengal, have had again to face heavy deficits.

92. *Revenue surplus.*—It is estimated that the revenue surplus will be 217 lakhs as compared with the 215 lakhs originally budgetted for.

NEXT YEAR 1933-34.

93. *Capital Expenditure*.—I shall have something to say in my concluding remarks as regards our general policy of Capital expenditure and the possibility of expansion in the future. But whatever change in the direction of a more expansive programme we may hereafter feel justified in considering, it is not likely to have appreciable effects as regards expenditure in the coming year. For the purpose of the estimates we are including provision for Capital expenditure of 330 lakhs on the Railways and 424 lakhs for loans to the Provincial Governments.

94. *Borrowing programme, 1933-34*.—With this reduced capital programme I estimate that it will be possible to effect a further reduction of 8 crores in our outstanding treasury bills and still have approximately 17 crores available to meet our maturing loan liabilities apart from what we may obtain from fresh borrowing. This is clearly a very strong position. In making this estimate I have allowed for the possibility of drawing to the extent of about 11 crores on our sterling balance with the Secretary of State. Owing to the very large figure at which this balance now stands, such a reduction would be quite legitimate. Apart from this I have allowed only for receipts to the amount of 840 lakhs from savings bank and cash certificate receipts. This is of course very substantially less than the estimated figure of 14,35 lakhs in the current year. I have allowed for this decrease because of the reduction in the rate of interest to 4½ per cent., but this form of investment has now so thoroughly popularised itself throughout India that it is not at all improbable that our budget estimate will be materially exceeded.

95. Against these resources of 17 crores our maturing loan liabilities are of very modest dimensions. We have the option of repaying the £7 millions 6 per cent. sterling 1933-35 bonds, and we shall have to deal with any portion of the rupee loans of 1929-47, 1933 and 1933-36 which is not converted. On the assumption that 30 crores of the latter are converted, we shall only require to raise a loan of 4 crores in India, and on the assumption that we repay the £7 million sterling loan, we should require to raise only £6 million equivalent to 8 crores in London. These figures, however, cannot be regarded as more than tokens. If conditions are favourable in London we might issue a larger loan and use the proceeds for strengthening our sterling currency reserves, or to repay £10 million 6 per cent. 1933-34 Bonds which we have the option of repaying on the 15th December. If the conversions on our present scheme are larger than 30 crores, the loan liabilities in India will be so much less, and we may proceed further with the funding of treasury bills.

One important point to note is that according to these estimates, and without any further loans, the treasury bills outstanding with the public will, on our present estimates, be reduced to the comfortable figure of 28 crores by March 31, 1933, a very satisfactory reduction from the 84½ crores outstanding at the end of August 1931.

96. *Home charges*.—Exchange was very steady throughout the year, and large purchases of sterling were made from the middle of August. The estimated purchases for the year are approximately thirty-nine million pounds. In addition, £715,000 was taken over from the Calcutta Port Trust, being the balance of a sterling loan floated by them. Our requirements for the year were £24 millions so that the balance of approximately £15½ millions was available for strengthening our currency reserves, which I indicated in my last budget speech as the most appropriate use to which they could be put. I estimate that our closing balance in London this year will be £13,400,000, as compared

with £15,900,000 last year. This is still a large figure, but I consider it advisable to adhere to it, as an alternative source from which we can meet our sterling loan maturities should this prove preferable to sterling borrowing. On the assumption that we float a sterling loan of six millions, this means that the sterling which we will have to purchase in 1933-34 will be £21 million, and if further remittances are obtained, it will probably prove best to devote them, as in this year, to the further strengthening of our sterling reserves.

97. The position which I have thus explained may be summarised as follows ; but I must repeat that this summary is compiled on the assumption that only 22 crores will have been taken up under the February conversion scheme. If the results are different from this the figures as regards rupee loans, both for the current year and next year will be substantially altered.

Liabilities.

	Budget, 1932-33.	Revised, 1932-33.	Budget, 1933-34.
Railway Capital outlay	4.15	.81	3.30
Other Capital outlay	1.50	1.52	1.23
Provincial drawings	10.62	5.64	4.37
Discharge of permanent debt	26.56	69.48	37.10
Discharge of treasury bills—			
(a) with the public	7.51	19.53	8.00
(b) in the Paper Currency Reserve	..	14.39	..
Repayment of Ways and Means advances	..	9.50	..
Loans and advances by Central Government	.26	.76	.72
Other transactions	.06	1.53	—2.53
	50.66	123.16	52.19

Resources.

Revenue surplus	2.15	2.17	.42
Rupee loans (net)	14.50	80.11	12.00
Sterling loans (net)	8.00	12.67	8.00
Post Office cash certificates and savings bank	7.00	14.35	8.40
Other unfunded debt	4.71	3.67	4.96
Appropriation for reduction or avoidance of debt	6.82	6.84	6.88
Depreciation and Reserve Funds	.52	— .91	— .20
Reduction of cash balances	6.96	4.26	11.73
	50.66	123.16	52.19

98. I have endeavoured to give the House a fair appreciation of our present position. I fear that I have taken a great time, but even so it has only been possible to touch superficially on many important points. In the field of finance the outstanding features of the year under review are, first, the re-establishment of budgetary equilibrium, secondly, the great improvement in Government credit which has completely transformed the market for Government securities, thirdly, the creation of cheap money conditions.

99. I want to say a few final words on the last two points which are closely connected. If we turn our memories back eighteen months ago to that day in September 1931 when I had to introduce the emergency financial plan, the transformation is indeed marvellous. At that time $3\frac{1}{2}$ per cent. paper in India stood at 53 ; now it stands at about 82 ; Indian $3\frac{1}{2}$ per cent. sterling securities stood at 46 ; now they stand at about 89. The 1960-70 4 per cent. loan of which we hope to place about 30 crores on our present conversion plan and which stands at about 94 then stood at 62, and at that time the idea of placing a long term loan on any terms would have been utterly impossible. Eighteen months ago the bank rate stood at 6 per cent., today it stands at $3\frac{1}{2}$ per cent. and I would remind the house that at least as far back as I have been able to trace, that is for 29 years back to 1904, the bank rate at this time of the year has never stood below 6 per cent.

Eighteen months ago we had a floating debt of Rs. 84 crores ; today it is reduced to 35 crores. Now in all this we have obviously been helped by world conditions, and of course cheap money is to some extent a sign of low industrial and commercial activity. But making every allowance for these factors, the transformation in our position would have been quite impossible unless our own budgetary policy had been sound.

100. The maintenance both of Government credit and of cheap money conditions is dependent on the maintenance of a sound budgetary position, for if Government were to start meeting its current needs with borrowed money, we might not only become unable to borrow that money at cheap rates, but it might also be necessary to raise the bank rate in order to protect the currency position.

101. I wish, moreover, to emphasise how vitally important it is in the interests of commerce and industry to maintain both these conditions of high credit and cheap money. Indeed, the one hope amid the present depression is that the power to raise long term loans at low rates of interest will provide a stimulus for the revival of capital expenditure ; and that is the only sound way by which an exit can be found from the present depression. I know that many people hold that the present high rates of taxation, particularly of income-tax, are crushing industrial enterprise ; but I would put it to them that nothing is more likely to damage business than a premature relaxation of our present measures leading to difficulties and unsoundness in public finance. For this again would lead not only to a loss of Government credit and a rise in the general rates of interest, but would almost certainly make it necessary in the long run to reimpose taxation at higher rates in order to recover the lost ground. If, on the other hand, the Government keeps its position strong, and if, as a result of the confidence thus created, the public become ready to invest in long term securities at low rates of interest, that offers hope of an industrial revival which will soon make it possible to reduce taxation. There is no other sound remedy for the present disease.

102. Let me say also a few words as to Government's own policy in these matters. We believe that the time is coming when our own position will be so strong that we can safely contemplate relaxing the restriction on capital.

expenditure which we have had to impose during the last few years. With the success of our conversion schemes we are gradually approaching a period when we shall be entirely relieved of the embarrassment of having to meet heavy loan maturities each year. Once that stage is attained we shall require to raise only a very small amount of money from the public each year in order to support quite a substantial programme of capital expenditure.

103. But there are certain conditions which will very definitely govern our action.

In the first place we must adhere to the policy of not regarding any schemes as suitable objects for capital expenditure which are not economically sound and productive. In the second place we do not intend to launch out into any programme on a scale which is likely to depress the market for Government securities by putting us in the position of having to ask the investing public to subscribe more money than it has readily available for investment. We are approaching a period when there is more money for investment in Government loans than we require to raise. That is a very healthy change of conditions from those of the past few years and we do not intend to disturb these new conditions.

104. As regards the outlets for capital expenditure, these again must be carefully chosen. Contrary to the general public impression, it does not appear that there are any very urgently needed railway extensions or railway works, for in spite of the restrictions of the past few years, the railways have kept fairly well abreast of current needs. Railways, moreover, must no longer be treated in isolation; they must be regarded merely as one part of a general system of transportation and communications, of which roads also are a most important feature. At the Conference on Road and Railway policy which is to be held at Simla on April 24, as announced by His Excellency the Governor General when he addressed the Assembly at the opening of this session, we shall consider the whole problem of financing road development. Whether any immediate opening for sound capital expenditure can be found in connection with roads I cannot yet say. All that I can say is that the time has come when we think it right to give these matters our active consideration.

105. In the matter of our future policy as regards conversion schemes and funding operations, I cannot of course announce any precise plans. We have proceeded so far step by step, and at each step we have raised the level of securities and given to the investors concerned an opportunity to convert their holdings in a manner which has left them a good margin of profit. I have every reason to anticipate that this process will continue, for I believe that, subject always to the maintenance of sound Government finance, we have before us a long period of cheap money and the possibility of seeing securities reach a substantially higher level. In this policy we are looking not merely to the immediate, but also to the more distant future. We feel that with the new constitution approaching we have a special duty to prepare the way, so that the first years of the new Government may be freed from embarrassment. In particular, we desire to consolidate the position so as to make it possible to start a Reserve Bank on sound foundations.

106. And that brings me to the last thing which I have to say. I fully realise that the budgetary plan which I have just announced is not of a nature to stir enthusiasm. It involves a continuance of the grim effort which has been sustained during the past eighteen months. But if Honourable Members look round the world, they will, during the next few weeks, see the Finance Ministers in every country which believes in sound finance introducing budgets very much of this kind. If they dislike the continuance of this effort, I am

sure they will appreciate that I dislike it equally, and that it must be a very great disappointment for me, on this occasion of the last budget of my five-year term, not to be able to take for the first time the pleasant path of relaxing burdens of taxation. But I have felt it necessary to take the harder path; and I have at least this consolation... When I first took office, though the rest of the world was still booming, it became apparent to me very early that India was faced with special difficulties, and was destined for a period both of constitutional uncertainty, and of borrowing to meet past commitments, which would inevitably reduce her credit. But today we have recovered from all that and I think we may feel that India, amidst a world which is floundering in the gravest trouble and distress, has reached a position in regard to her public finance which challenges comparison with that of any other country. That we have been aided both by special fortune and by the strong reserve resources of the Indian people in attaining this position, I should be the first to admit. But that, while it does not diminish the value of the position, only strengthens the obligation which rests upon us to make the utmost efforts to maintain it. I would appeal to the House to support us both in these efforts and in the fulfilment of what is now our guiding purpose—the purpose of leaving to the new Government of India a house well stored and buttressed against all the storms which it may encounter.

— GEORGE SCHUSTER.

The 28th February 1933.

BUDGET

of the
Governor-General in Council,
as laid before the
Indian Legislature, 1933.

FINANCE DEPARTMENT,
New Delhi, the 28th February 1933.

J. B. TAYLOR,
Secretary to the Govt. of India.

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C.—STATEMENT of RECEIPTS and DISBURSEMENTS of the CENTRAL GOVERNMENT in INDIA and in ENGLAND	54—65
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BUDGET FOR 1933-34.

I.—General Statement of the Revenue and Expenditure charged to

	For details, vide State- ment.	Accounts, 1931-32.	Budget Estimate, 1932-33.	Revised Estimate, 1932-33.	Budget Estimate, 1933-34.
		Rs.	Rs.	Rs.	Rs.
Revenue—					
Principal Heads of Revenue—					
Customs	A	46,43,66,526	52,31,27,000	52,28,55,000	51,24,60,000
Taxes on Income	"	17,48,73,074	18,73,38,000	17,70,00,000	18,33,00,000
Salt	"	8,57,93,398	9,43,40,000	10,38,00,000	8,75,00,000
Opium	"	2,07,41,533	1,32,03,000	94,62,000	1,20,05,000
Other Heads	"	2,19,24,350	1,79,39,000	1,90,74,000	1,89,93,000
TOTAL PRINCIPAL HEADS		76,76,97,781	83,60,07,000	83,32,21,000	81,33,58,000
Railways: Net Receipts (as per Rail- way Budget)					
	A	33,61,55,708	34,18,44,000	33,40,90,000	33,39,45,000
Irrigation: Net Receipts	"	13,79,401	1,60,000	1,67,000	—14,000
Posts and Telegraphs: Net Receipts	"	—16,33,097	78,09,000	33,65,000	30,41,000
Interest Receipts	"	2,40,94,982	1,60,12,000	1,82,67,000	1,62,00,000
Civil Administration	"	94,44,523	90,11,000	90,52,000	82,63,000
Currency and Mint	"	1,78,61,705	3,31,17,000	2,40,75,000	1,74,68,000
Civil Works	"	24,51,745	26,79,000	20,93,000	21,55,000
Miscellaneous	"	1,66,91,013	66,87,000	93,17,000	67,34,000
Defence Receipts	"	4,12,74,320	4,17,06,000	3,84,78,000	4,31,67,000
Provincial Contributions and miscel- laneous adjustments between Central and Provincial Governments	"	...	...	...	...
Extraordinary Items	"	21,49,218	23,01,000	1,79,000	...
TOTAL REVENUE		1,21,64,05,714	1,29,96,29,000	1,27,13,08,000	1,24,63,16,000
DEFICIT		11,74,73,377	...	...	...
TOTAL		1,33,38,88,991	1,29,97,39,000	1,27,13,08,000	1,24,63,16,000

BUDGET FOR 1933-34.

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Revenue of the Central Government, in India and in England.

	For details, vide State- ment.	Accounts, 1931-32.	Budget Estimate, 1932-33.	Revised Estimate, 1932-33.	Budget Estimate, 1933-34.
		Rs.	Rs.	Rs.	Rs.
Expenditure -					
Direct Demands on the Revenue	B	4,17,59,125	4,16,64,000	4,28,92,000	4,16,94,000
Forest and other Capital outlay charged to Revenue	"	66,341	3,16,000	3,83,000	2,34,000
Railways : Interest and Miscellaneous Charges (as per Railway Budget)	"	33,61,55,768	34,18,44,000	33,40,90,000	33,39,45,000
Irrigation	"	21,51,572	4,32,000	5,33,000	4,74,000
Posts and Telegraphs	"	25,37,202	1,01,25,000	88,20,000	91,32,000
Debt Services	"	19,72,39,364	19,92,35,000	19,13,97,000	17,67,36,000
Civil Administration	"	12,17,65,033	9,04,83,000	9,08,03,000	9,59,22,000
Currency and Mint	"	76,09,573	70,02,000	69,04,000	64,19,000
Civil Works	"	2,30,77,703	1,94,19,000	1,83,76,000	1,93,93,000
Miscellaneous	"	4,34,15,290	4,00,00,000	4,24,45,000	4,11,76,000
Defence Services	"	55,88,74,220	50,91,96,000	50,58,78,000	50,51,67,000
Miscellaneous adjustments between the Central and Provincial Govern- ments	"	...	1,02,00,000	96,35,000	1,00,00,000
Extraordinary Items	"	2,98,111	22,10,000	15,63,000	8,74,000
TOTAL EXPENDITURE CHARGED TO REVENUE		1,33,39,38,991	1,27,81,45,000	1,24,96,23,000	1,24,10,55,000
SURPLUS		...	2,14,84,000	2,16,80,000	41,81,000
TOTAL		1,33,39,38,991	1,29,96,29,000	1,27,13,03,000	1,24,52,36,000

BUDGET FOR 1933-34.

II.—General Statement of the Receipts and Disbursements of the

	For details, vide Statement.	RECEIPTS.			
		Accounts, 1931-32.	Budget Estimate, 1932-33.	Revised Estimate, 1932-33.	Budget Estimate, 1933-34.
		Rs.	Rs.	Rs.	Rs.
Surplus			2,14,84,000	2,16,60,000	41,61,000
Railway Capital not charged to Revenue—					
Capital contributed by Railway Companies and Indian States towards outlay on State Railways (as per Railway Budget)	C	...	...	1,03,04,000	...
Debt, Deposits and Advances—					
Permanent Debt (net incurred)	"	...	...	24,48,08,000	...
Floating Debt (net incurred)	"	40,3,75,548	40,20,000	...	...
Unfunded Debt (net incurred)	"	10,18,08,164	11,71,03,000	18,03,30,000	13,36,43,000
Deposits and Advances (net)	"	...	6,73,01,000	4,44,50,000	8,25,56,000
Railway Depreciation and Reserve Funds as per Railway Budget (net)	"	...	51,21,000	...	2,68,000
TOTAL DEBT, DEPOSITS, AND ADVANCES.		50,31,83,712	19,44,46,000	46,94,97,000	21,64,57,000
Remittances (net)	C	...	4,37,000	...	1,21,000
Balances of Provincial Governments (net)	"	...	1,02,08,000	2,51,00,000	...
TOTAL RECEIPTS		50,21,83,712	22,66,85,000	52,65,61,000	22,07,69,000
Opening Balance {	India	17,58,28,743	10,18,90,740	12,60,10,744	11,73,10,744
	England	7,40,43,767	14,71,59,787	21,15,32,561	17,84,93,561
TOTAL		74,90,61,245	47,68,65,533	86,60,24,305	51,65,83,305

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	For details, vide Statement.	DISBURSEMENTS.			
		Accounts, 1931-32.	Budget Estimate, 1932-33.	Revised Estimate, 1932-33.	Budget Estimate, 1933-34.
		Rs.	Rs.	Rs.	Rs.
Deficit		11,74,78,577	...	...	...
Railway, Irrigation, Posts and Telegraphs and other Capital outlay not charged to Revenue—					
Capital outlay on Security Printing Press	C	—3,81,591	4,000	4,000	—1,11,000
Construction of State Railways (as per Railway Budget)	"	6,99,00,251	14,15,30,000	1,40,00,000	3,30,00,000
Discharge of Debentures (as per Railway Budget)	"	6,63,312	...	44,32,000	...
Construction of Irrigation Works	"	8,746	...	...	...
Capital outlay on Posts and Telegraphs	"	87,91,578	23,15,000	19,00,000	15,50,000
Capital outlay on Vizagapatam Port	"	56,48,567	55,55,000	54,00,000	49,50,000
Capital outlay on Light-houses and Light-ships	"	...	...	...	...
Currency Capital outlay	"	—5,843	4,000	1,000	—78,000
Initial expenditure on New Capital at Delhi	"	14,00,663	...	...	...
Payment of commuted value of pensions	"	42,31,043	40,55,000	65,76,000	60,65,000
Payments to Retrenched Personnel	"	1,45,467	25,00,000	12,41,000	—1,37,000
TOTAL CAPITAL ACCOUNT DISBURSEMENTS	"	8,54,62,710	5,65,33,000	3,38,20,000	4,53,09,000
Debt, Deposits and Advances—					
Permanent Debt (not discharged)	"	47,88,095	12,06,19,000	...	17,09,55,000
Floating Debt (not discharged)	"	...	...	43,41,75,000	8,00,00,000
Deposits and Advances (net)	"	4,83,61,492	...	...	...
Railway Depreciation and Reserve Funds as per Railway Budget (net)	"	...	...	1,19,16,000	...
TOTAL DEBT, DEPOSITS AND ADVANCES		5,31,50,187	1,06,19,000	44,00,91,000	25,09,55,000
Loans and Advances by the Central Government (net Advances)	"	1,26,37,745	11,90,06,000	8,91,47,000	8,71,73,000
Remittances (net)	"	1,22,06,661	...	3,53,000	...
Balances of Provincial Governments (net)	"	1,50,07,570	...	...	46,00,000
TOTAL DISBURSEMENTS	...	41,06,07,940	28,62,48,000	56,92,11,000	38,80,36,000
Closing Balance { India	...	12,69,10,744	11,36,83,746	11,73,19,744	11,29,30,744
England	...	21,15,32,561	6,57,53,767	17,84,93,561	6,56,15,561
TOTAL	...	74,90,51,245	47,56,85,533	80,50,24,305	51,65,82,305

BUDGET FOR 1933-34.

A.—Statement of the Revenue of the Centra

HEADS OF REVENUE.	ACCOUNTS, 1931-32.				REVISED ESTIMATE,		Item No.
	India.	England.	Exchange.	TOTAL.	India.	England.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Principal Heads of Revenue—							
I.—Customs	46,43,06,526	...	...	46,43,06,526	52,28,55,000	...	1
II.—Taxes on Income	17,48,73,034	50	...	17,48,73,074	17,70,00,000	...	2
III.—Salt	8,57,93,298	...	...	8,57,92,298	10,38,00,000	...	3
IV.—Opium	2,07,41,533	...	...	2,07,41,533	94,92,000	...	4
V.—Land Revenue	33,93,932	...	...	33,93,932	17,03,000	...	5
VI.—Excise	51,17,102	...	...	51,17,102	42,01,000	...	6
VII.—Stamps	23,54,729	8,016	105	23,62,650	36,63,000	...	7
VIII.—Forest	24,06,658	2,650	28	24,09,336	17,31,000	...	8
IX.—Registration	1,52,197	...	...	1,52,197	95,000	...	9
X.—Payments from Indian States	84,58,733	...	...	84,58,733	75,02,000	...	10
TOTAL	76,76,86,932	10,716	133	76,76,97,761	83,22,21,000	...	11
Irrigation, etc.—							
XIII.—Works for which Capital accounts are kept—Gross Receipts	22,28,183	...	...	22,28,183	1,50,000	...	12
Deduct—Working Expenses	9,54,212	...	...	9,54,212	1,82,000	...	13
Net Receipt	12,73,971	...	...	12,73,971	4,000	...	14
XIV.—Works for which no Capital Accounts are kept	4,809	685	—4	5,400	1,03,000	...	15
TOTAL	12,78,780	685	—4	12,79,461	1,07,000	...	16
Posts and Telegraphs—							
XV.—Posts and Telegraphs—Indian Posts and Telegraphs Department—Gross Receipts	10,64,59,863	...	...	10,64,59,863	10,56,88,000	...	17
Deduct—Working Expenses	10,71,40,421	9,49,138	4,001	10,80,93,560	10,11,38,000	11,92,000	18
Net Receipt	—6,50,558	—9,49,138	—4,001	—16,33,697	45,53,000	—11,92,000	19
Indo-European Telegraph Department—Gross Receipts	...	...	...	...	...	...	20
Deduct—Working Expense	...	...	...	...	...	...	21
Net Receipts	...	...	...	...	...	...	22
TOTAL	—6,80,558	—9,49,138	—4,001	—16,33,697	45,53,000	—11,92,000	23
Debt Services—							
XVI.—Interest	1,17,23,463	1,24,54,680	—83,150	2,40,94,993	99,52,000	83,14,000	24
Carried over	78,00,08,006	3,15,16,943	—87,022	79,14,38,927	84,60,28,000	71,22,000	25

*Sterling converted into

BUDGET FOR 1933-34.

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Government, in India and in England.

1932-33.			Increase (+) Decrease (-) as compared with Budget, 1932-33.	BUDGET ESTIMATE, 1933-34.				Increase (+) Decrease (-) as compared with Revised, 1932-33.
Item No.	Exchange.	TOTAL.		India.	England.	Exchange.	TOTAL.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	...	53,28,55,000	-2,73,000	51,24,63,000	...	...	51,24,60,000	-1,03,05,000
2	...	17,70,00,000	-1,03,38,000	18,23,03,000	...	...	18,23,00,000	+ 53,00,000
3	...	10,38,00,000	+ 94,00,000	8,75,00,000	...	...	8,75,00,000	-1,03,00,000
4	...	94,92,000	-37,71,000	1,20,05,000	...	...	1,20,05,000	+ 25,13,000
5	...	17,03,000	+ 3,05,000	17,99,000	...	...	17,69,000	+ 30,000
6	...	42,61,000	+ 3,94,000	43,37,000	...	...	42,37,000	-24,000
7	...	36,62,000	+ 3,61,000	37,97,000	...	...	37,97,000	+ 1,55,000
8	...	17,31,000	-55,000	16,90,000	...	...	16,90,000	-41,000
9	...	95,000	+ 9,000	92,000	...	...	92,000	-3,000
10	...	75,62,000	+ 1,34,000	73,78,000	...	...	73,78,000	-1,84,000
11	...	63,33,21,000	-37,86,000	81,33,68,000	...	...	81,32,58,000	-1,69,63,000
12	...	1,86,000	+ 3,000	1,63,000	...	...	1,62,000	-24,000
13	...	1,82,000	-30,000	1,80,000	...	...	1,80,000	+ 2,000
14	...	4,000	-27,000	-18,000	...	...	-18,000	-22,000
15	...	1,63,000	+ 8,000	4,000	...	...	4,000	-1,59,000
16	...	1,67,000	-19,000	-14,000	...	...	-14,000	-1,51,000
17	...	10,56,88,000	-63,85,000	10,81,34,000	...	...	10,51,24,000	+ 24,46,000
18	-4,000	10,83,23,000	+ 48,51,000	10,42,46,000	8,47,000	...	10,50,93,000	- 27,70,000
19	-4,000	33,65,000	-45,34,000	38,88,000	-8,47,000	...	30,41,000	-3,24,000
20	...	...	...	...	...	...	...	...
21	...	...	...	...	...	...	...	...
22	...	...	...	...	...	...	...	...
23	...	...	...	...	...	...	...	...
24	4,000	33,65,000	-45,34,000	38,88,000	-8,47,000	...	30,41,000	-3,24,000
25	-20,000	1,82,67,000	+ 2,55,000	1,00,88,000	75,17,000	...	1,82,00,000	-67,000
26	-25,000	85,40,20,000	-89,54,000	83,78,15,000	66,70,000	...	83,44,85,000	-1,95,35,000

Rupees at £1=Rs. 13½.

A.—Statement of the Revenue of the Cera

HEADS OF REVENUE.	ACCOUNTS, 1931-32.				REVISED ESTIMATE.	
	India.	England.	Exchange.	Total.	India.	England.
Brought forward	Rs. 78,00,08,606	Rs. 1,15,16,943	Rs. —87,022	Rs. 79,14,38,527	Rs. 84,69,23,000	Rs. 71,22,000
Civil Administration—						
XVII.—Administration of Justice	2,98,023	2,158	23	2,98,204	1,43,000	—
XVIII.—Jails and Convict Settlements	3,85,189	—	—	3,85,189	2,83,000	—
XIX.—Police	4,09,908	—	—	4,09,908	8,41,000	1,07,000
XX.—Ports and Pilotage	19,19,958	180	2	19,20,146	19,40,000	—
XX(I).—Light Houses and Light Ships	10,98,609	—	—	10,98,609	10,19,000	—
XXI.—Education	2,53,192	—	—	2,53,192	2,07,000	—
XXII.—Medical	3,28,283	1,072	11	3,29,366	2,18,000	—
XXIII.—Public Health	3,76,337	648	—3	3,76,983	1,68,000	—
XXIV.—Agriculture	18,27,231	142	2	18,27,375	19,78,000	—
XXV.—Industries	22,905	—	—	22,905	15,000	—
XXVI.—Miscellaneous Departments	20,94,836	1,67,045	—078	22,61,803	18,50,000	41,000
XXVI-A.—Indian Stores Department	2,61,445	—	—	2,61,445	2,20,000	—
TOTAL	93,74,015	1,71,151	—643	94,44,523	89,04,000	1,48,000
Currency and Mint—						
XXVII.—Currency	1,68,76,501	—	—	1,68,76,501	2,04,84,000	—
XXVIII.—Mint	9,85,178	26	—	9,85,204	36,81,000	—
TOTAL	1,78,61,679	26	—	1,78,61,705	2,40,75,000	—
Civil Works—						
XXX.—Civil Works	24,51,746	—	—	24,51,746	20,92,000	—
Miscellaneous—						
XXXIII.—Receipts in aid of Superannuation	11,86,090	2,67,038	1,095	14,05,129	10,99,000	2,66,000
XXXIV.—Stationery and Printing	30,46,080	36,213	—25	30,82,218	24,80,000	32,000
XXXV.—Miscellaneous	1,06,26,088	5,76,285	1,293	1,12,03,666	50,16,000	4,27,000
TOTAL	1,48,08,314	8,79,536	3,293	1,56,91,013	86,95,000	7,25,000
Defence Receipts—						
XXXVI.—Defence Services—Effective	2,76,04,589	41,97,325	15,093	3,18,17,007	2,64,74,000	35,27,000
XXXVII.—Defence Services—Non-effective	16,26,438	78,42,418	—11,643	94,57,213	15,43,000	68,46,000
XXXVIII.—Transfers from Defence Reserve Fund	—	—	—	—	6,22,000	—
TOTAL	2,92,31,027	1,20,39,743	3,450	4,12,74,220	2,86,39,000	98,73,000
Provincial Contributions and miscellaneous adjustments between Central and Provincial Governments—						
XXXIX-A.—Miscellaneous adjustments between the Central and Provincial Governments	—	—	—	—	—	—
Extraordinary Items—						
XL.—Extraordinary Receipts	13,80,831	7,58,506	8,876	21,48,213	1,76,000	3,000
XI-A.—Transfers from Revenue Reserve Fund	—	—	—	—	—	—
TOTAL	13,80,831	7,58,506	8,876	21,48,213	1,76,000	3,000
Railway Revenues as per Railway Budget	84,12,96,763	—51,10,140	—30,855	83,61,55,768	83,89,94,000	—48,61,000
TOTAL REVENUE	1,19,63,12,880	2,02,55,785	—1,02,931	1,21,64,65,714	1,25,83,88,000	1,30,10,000

* Sterling converted into

BUDGET FOR 1933-34.

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Government, in India, and in England—*contd.*

1932-33.			BUDGET ESTIMATE, 1933-34.				Increase (+) Decrease (-) as compared with Revised 1932-33.	
Item No.	Exchange.	TOTAL.	Increase (+) Decrease (-) as compared with Budget, 1932-33.	India.	England.	Exchange.	TOTAL.	Increase (+) Decrease (-) as compared with Revised 1932-33.
	Rs. —25,000	Rs. 85,40,20,000	Rs. —80,84,000	Rs. 82,78,15,000	Rs. 66,70,000	Rs. ...	Rs. 83,44,85,000	Rs. —1,96,35,000
1	...	1,43,000	+28,000	1,25,000	...	...	1,25,000	—18,000
2	...	2,83,000	—15,000	2,88,000	...	...	2,88,000	+5,000
3	...	9,48,000	—19,000	8,35,000	1,07,000	...	9,43,000	—5,000
4	...	19,40,000	—70,000	19,30,000	...	...	19,30,000	—10,000
5	...	10,19,000	—1,44,000	10,39,000	...	...	10,39,000	+20,000
6	...	2,07,000	+27,000	1,94,000	...	...	1,94,000	—13,000
7	...	2,18,000	+3,000	1,65,000	...	...	1,65,000	—53,000
8	...	1,86,000	—1,29,000	1,67,000	...	...	1,67,000	—19,000
9	...	19,76,000	+2,66,000	12,53,000	...	...	12,53,000	—7,24,000
10	...	15,000	...	15,000	...	...	15,000	...
11	...	18,97,000	+1,93,000	18,59,000	7,000	...	18,66,000	—31,000
12	...	2,20,000	—89,000	2,79,000	...	...	2,79,000	+59,000
13	...	90,53,000	+41,000	81,48,000	1,14,000	...	82,62,000	—7,90,000
14	...	2,04,94,000	—1,23,98,000	1,30,11,000	...	...	1,39,11,000	—65,83,000
15	...	35,51,000	+32,58,000	35,57,000	...	...	35,57,000	—24,000
16	...	2,40,75,000	—90,43,000	1,74,68,000	...	...	1,74,68,000	—66,07,000
17	...	20,92,000	—5,87,000	21,55,000	...	...	21,55,000	+63,000
18	—1,000	13,64,000	—83,000	10,96,000	2,44,000	...	13,40,000	—24,000
19	...	25,13,000	—3,04,000	23,87,000	18,000	...	24,15,000	—97,000
20	—2,300	54,41,000	+30,16,000	15,79,000	4,03,000	...	10,79,000	—24,62,000
21	—3,000	93,17,000	+36,30,000	60,69,000	6,65,000	...	57,34,000	—35,83,000
22	—12,000	2,99,69,000	—2,28,000	2,86,75,000	30,14,000	...	3,16,89,000	+17,00,000
23	—22,000	78,67,000	+79,000	18,05,000	35,33,000	...	53,38,000	—25,29,000
24	...	6,32,000	—31,69,000	61,40,000	...	...	61,40,000	+55,18,000
25	—34,000	3,64,78,000	—35,18,000	3,66,20,000	65,47,000	...	4,31,67,000	+46,69,000
26	...	...	...	...	...	...	...	...
27	...	1,79,000	—22,12,000	...	...	...	...	—1,79,000
28	...	...	...	...	...	...	...	—1,79,000
29	...	1,79,000	—22,12,000	...	...	...	...	...
30	17,000	33,40,80,000	—77,54,000	33,86,50,000	—47,05,000	...	33,39,45,000	—1,45,000
31	—45,000	1,27,18,63,000	—2,63,26,000	1,28,59,25,000	93,91,000	...	1,24,65,16,000	—2,80,87,000

Rupees at Rs. 13½.

4 A

B.—Statement of the Expenditure charged to Revenue

HEADS OF EXPENDITURE.	ACCOUNTS, 1931-32.				REVISED	
	India.	England.	Exchange.	TOTAL.	India.	Item No.
	Rs.	Rs.	Rs.	Rs.	Rs.	
Direct Demands on the Revenue						
1.—Customs	58,10,298	2,38,094	1,169	90,49,561	92,07,000	1
2.—Taxes on Income	73,86,243	95,328	508	73,84,379	77,03,000	2
3.—Salt	1,14,64,93	1,03,337	716	1,16,68,246	1,11,85,000	3
4.—Opium	78,92,637	84,014	576	79,77,316	68,00,000	4
5.—Land Revenue	9,21,363	...	...	9,21,363	5,45,000	5
6.—Excise	15,76,619	12,568	—19	16,57,078	15,28,000	6
7.—Stamps	50,119	8,364	100	68,503	14,16,000	7
8.—Forest	30,24,655	1,67,141	845	31,82,641	22,02,000	8
9.—Registration	29,358	...	...	29,358	17,000	9
TOTAL	4,10,55,045	6,68,986	4,194	4,17,59,125	4,24,15,000	10
Forest and other Capital Outlay charged to Revenue—						
3A.—Capital outlay on Salt Works	3,217	...	...	3,217	2,31,000	11
7A.—Capital outlay on Central Stamp Store	...	...	...	...	...	12
8A.—Forest Capital outlay	63,024	...	...	63,024	52,000	13
TOTAL	66,241	...	...	66,241	2,83,000	14
Irrigation, etc., Revenue Account—						
14.—Works for which Capital accounts are kept—						
Interest on Debt	12,79,107	...	...	12,79,107	2,68,000	15
15.—Other Revenue Expenditure	6,66,108	49,692	250	6,55,260	2,13,000	16
TOTAL	18,94,215	49,692	250	19,34,357	4,81,000	17
Irrigation, etc., Capital outlay charged to Revenue—						
10.—Construction of Irrigation, etc., Works—						
Financed from Ordinary Revenues.	2,17,215	...	...	2,17,215	36,000	18
Posts and Telegraphs Revenue Account—						
17.—Posts and Telegraphs—						
Interest on Debt—						
Indian Posts and Telegraphs Department	77,50,711	...	...	77,50,711	81,38,000	19
Indo-European Telegraph Department	...	...	...	...	...	20
TOTAL	77,50,711	...	...	77,50,711	81,38,000	21
Posts and Telegraphs Capital Outlay charged to Revenue—						
18.—Capital outlay on Posts and Telegraphs—						
Indian Posts and Telegraphs Department	10,81,950	...	...	10,81,950	6,88,000	22
Indo-European Telegraph Department	—63,95,459	...	...	—63,95,459	...	23
TOTAL	—52,13,509	...	...	—52,13,509	6,86,000	24
Debt Services—						
19.—Interest on Ordinary Debt	28,08,39,171	30,78,77,415	11,80,479	44,56,87,065	23,08,01,000	25
Deduct—Amount chargeable to—						
Railways	20,17,25,479	11,50,94,748	7,33,991	31,75,54,216	20,12,58,000	26
Irrigation	12,79,107	...	...	12,79,107	2,68,000	27
Posts and Telegraphs	78,91,239	...	...	78,91,239	82,86,000	28
Other heads	84,46,933	...	...	84,46,933	55,72,000	29
Provincial Loans Fund	7,25,24,990	...	...	7,25,24,990	8,04,00,000	30
Remainder chargeable to Ordinary Debt	—4,92,38,577	9,27,82,669	4,46,198	4,30,90,510	6,18,53,000	31
20.—Interest on other Obligations	8,57,98,53	5,15,070	—2,639	8,43,10,744	8,75,11,000	32
21.—Reduction or Avoidance of Debt	6,89,38,000	...	...	6,60,28,000	6,84,21,000	33
TOTAL	10,24,07,778	9,32,97,739	4,43,849	19,72,0,304	9,80,50,000	34
Carried over	14,93,58,894	9,40,46,617	4,48,793	24,37,63,504	14,69,91,000	35

Sterling converted in to

BUDGET FOR 1933-34.

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of the Central Government, in India and in England.

ESTIMATE, 1932-33.				Increase (+) Decrease (-) as compared with Budget, 1932-33.	BUDGET ESTIMATE, 1933-34.				Increase (+) Decrease (-) as compared with Revised, 1932-33.
Item No.	England.	Exchange.	TOTAL.		India.	England.	Exchange.	TOTAL.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	1,70,000	-1,000	93,70,000	+ 2,73,000	96,17,000	1,43,000	...	97,60,000	+ 3,54,000
2	75,000	...	77,77,000	-5,51,000	83,60,000	1,23,000	...	84,83,000	+ 7,66,000
3	61,000	...	1,12,46,000	-92,000	1,14,37,000	83,000	...	1,15,20,000	+ 2,74,000
4	27,000	...	86,36,000	+14,74,000	56,98,000	36,000	...	57,36,000	-29,00,000
5	...	...	5,45,000	+4,000	5,83,000	...	...	5,83,000	+ 5,000
6	10,000	...	15,38,000	-57,000	15,35,000	10,000	...	15,45,000	+ 7,000
7	21,000	...	14,37,000	-8,000	17,31,000	33,000	...	17,64,000	+ 3,27,000
8	1,15,000	-1,000	23,17,000	+1,62,000	20,60,000	1,33,000	...	21,83,000	-1,34,000
9	...	...	17,000	+ 1,000	20,000	...	...	20,000	+ 3,000
10	4,79,000	-3,000	4,28,93,000	+13,38,000	4,10,31,000	5,63,000	...	4,15,94,000	-12,98,000
11	...	...	2,31,000	...	1,76,000	...	...	1,76,000	-55,000
12	...	...	...	...	...	...	...	...	...
13	...	...	52,000	-33,000	58,000	...	...	58,000	+ 6,000
14	...	...	2,83,000	-53,000	2,34,000	...	...	2,34,000	-49,000
15	...	...	2,68,000	-2,000	2,79,000	...	...	2,79,000	+ 11,000
16	16,000	...	2,29,000	+ 90,000	1,65,000	19,000	...	1,74,000	- 55,000
17	16,000	...	4,97,000	+ 58,000	4,34,000	19,000	...	4,53,000	-44,000
18	...	...	56,000	+ 18,000	31,000	...	...	31,000	-18,000
19	...	...	81,38,000	-13,80,000	87,61,000	...	...	87,61,000	+ 6,23,000
20	...	...	...	...	...	...	...	...	...
21	...	...	51,38,000	-13,60,000	87,61,000	...	...	87,61,000	+ 6,33,000
22	...	...	6,88,000	+ 81,000	3,81,000	...	...	3,81,000	-2,27,000
23	...	...	...	...	...	...	...	...	...
24	...	...	6,88,000	+ 61,000	3,61,000	...	...	3,61,000	-3,27,000
25	20,23,83,000	-7,01,000	43,24,83,000	-2,70,06,000	22,06,83,000	20,27,83,000	...	42,34,70,000	-9,13,000
26	11,52,01,000	-3,80,000	81,60,80,000	+ 73,48,000	20,08,05,000	11,65,24,000	...	81,63,29,000	-2,69,000
27	...	...	2,08,000	+ 2,000	2,79,000	...	...	2,79,000	-11,000
28	...	...	82,45,000	+ 1,77,000	82,08,000	...	...	82,08,000	-6,33,000
29	...	...	25,72,000	-95,000	27,48,000	...	...	27,48,000	-1,76,000
30	...	...	8,04,00,000	+ 10,32,000	8,36,00,000	...	...	8,36,00,000	-3,00,000
31	8,71,81,000	-3,02,000	2,48,03,000	-1,74,37,000	-7,56,58,000	8,72,64,000	...	1,16,00,000	-1,30,00,000
32	5,09,000	-2,000	8,60,73,000	-6,38,000	8,66,21,000	6,51,000	...	8,62,73,000	+ 61,95,000
33	...	...	6,84,31,000	+ 2,37,000	6,55,57,000	...	...	6,88,67,000	+ 4,36,000
34	8,77,61,000	-3,04,000	12,13,97,000	-1,78,38,000	8,68,21,000	8,79,15,000	...	17,67,36,000	-4,01,61,000
35	8,63,46,000	-3,06,000	23,39,81,000	-1,78,41,000	13,96,83,000	8,84,07,000	...	23,81,80,000	-57,71,000

Rapes at 21 = Rs. 13½.

B.—Statement of the Expenditure charged to Revenue

HEADS OF EXPENDITURE.	ACCOUNTS, 1931-32.				REVISED	
	India.	England.	Exchange.	TOTAL.	India.	Item No.
	Rs.	Rs.	Rs.	Rs.	Rs.	
Brought forward	14,92,58,594	9,40,40,017	4,43,293	24,37,63,504	14,50,91,000	
Civil Administration—						
22.—General Administration	1,46,71,534	51,05,013	29,867	1,98,06,414	1,06,44,000	1
23.—Audit	97,70,833	3,43,521	1,812	1,01,21,166	90,56,000	2
24.—Administration of Justice	15,34,941	98,606	774	16,23,321	8,61,000	3
25.—Jails and Convict Settlements	38,37,348	45,199	324	38,72,931	24,55,000	4
26.—Police	85,67,457	2,15,001	1,502	88,01,050	51,64,000	5
27.—Ports and Pilotage	28,10,792	3,15,169	1,099	26,27,060	10,78,000	6
27 (1).—Light Houses and Light Ships	10,54,905	...	...	10,54,905	10,19,000	7
28.—Ecclesiastical	22,81,438	7,41,724	4,091	30,27,243	20,81,000	8
29.—Political	1,51,50,822	12,53,605	4,900	1,64,30,657	1,31,70,000	9
29-A.—Frontier Watch and Ward	5,37,86,699	1,07,640	602	2,38,94,341	2,17,80,000	10
30.—Scientific Departments	70,71,075	9,02,087	4,102	85,77,264	56,71,000	11
31.—Education	61,34,195	81,148	580	85,15,921	34,13,000	12
32.—Medical	27,80,845	2,03,139	1,284	29,91,268	20,71,000	13
33.—Public Health	15,90,589	1,20,518	959	17,11,006	11,26,000	14
34.—Agriculture	32,94,874	1,08,610	1,463	34,04,907	28,74,000	15
35.—Industries	1,69,883	50,250	113	2,20,276	1,83,000	16
36.—Aviation	11,06,026	9,26,393	5,094	20,37,513	9,33,000	17
37.—Miscellaneous Departments	43,49,673	1,34,522	637	43,84,832	19,53,000	18
37-A.—Indian Stores Department	7,37,420	1,56,766	1,073	8,74,269	7,95,000	19
TOTAL	11,07,36,067	1,09,67,399	60,966	12,17,55,032	8,75,12,000	20
Currency and Mint—						
38.—Currency	43,78,420	30,636	211	44,15,467	47,84,000	21
39.—Mint	30,97,841	94,959	1,106	31,93,906	20,32,000	22
TOTAL	74,76,261	1,31,795	1,317	76,09,373	68,16,000	23
Civil Works—						
41.—Civil Works	2,30,07,979	69,740	264	2,30,77,703	1,62,35,000	24
Miscellaneous—						
43.—Famine—						
A.—Famine Relief	18,409	...	...	18,409	...	25
44.—Territorial and Political Pensions	29,98,973	1,14,078	498	31,13,527	30,43,000	26
45.—Superannuation Allowances and Pensions	47,83,404	2,19,39,708	1,20,331	2,68,38,603	57,14,000	27
46.—Stationery and Printing	51,24,779	6,32,127	4,337	57,61,943	38,11,000	28
47.—Miscellaneous	54,47,417	19,15,068	13,322	73,75,807	50,78,000	29
TOTAL	1,83,78,122	2,45,90,981	1,39,076	4,81,08,179	1,71,41,000	30
Miscellaneous capital outlay charged to Revenue—						
46-A.—Committed value of pensions financed from Ordinary Revenue	3,07,111	...	...	3,07,111	8,98,000	31
Defence Services—						
49.—Defence Services—Effective	38,95,80,925	7,17,17,583	2,06,963	46,15,05,470	35,67,17,000	32
49.—Defence Services—Non-effective	3,71,98,706	4,90,26,538	2,20,562	8,70,45,800	5,67,53,000	33
50.—Transfers to Defence Reserve Fund	1,08,22,890	...	...	1,08,22,890	...	34
TOTAL	43,71,02,560	12,13,44,116	4,27,524	55,89,74,220	39,44,70,000	35
Contributions and miscellaneous Adjustments between Central and Provincial Governments—						
51-A.—Miscellaneous Adjustments between the Central and Provincial Governments	...	...	...	...	96,35,000	36
Extraordinary Items—						
52.—Extraordinary Payments	2,66,551	11,621	—61	2,98,111	11,63,000	37
52-I.—Transfers to Revenue Reserve Fund	...	...	...	...	...	38
TOTAL	2,66,551	11,621	—61	2,98,111	11,63,000	39
Railway Expenditure as per Railway Budget	20,62,97,041	12,90,53,182	8,05,545	33,61,55,768	20,49,65,000	40
TOTAL EXPENDITURE CHARGED TO REVENUE	95,18,40,596	38,02,15,451	18,82,944	1,33,39,38,991	8,68,26,000	41

* Sterling converted into

BUDGET FOR 1933-34.

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of the Central Government, in India and in England—*contd.*

ESTIMATE, 1932-33.				Increase (+) Decrease (-) as compared with Budget, 1932-33.	BUDGET ESTIMATE, 1933-34.				Increase (+) Decrease (-) as compared with Revised, 1932-33.
Item No.	England.	Exchange.	TOTAL.		India.	England.	Exchange.	TOTAL.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
	8,82,40,000	-3,06,000	23,39,31,000	-1,78,41,000	13,90,63,000	8,84,97,000	...	22,61,60,000	-57,71,000
1	48,23,000	-17,000	1,54,40,000	+1,86,000	1,07,72,000	49,67,000	...	1,57,39,000	+3,90,000
2	3,10,000	-1,000	93,65,000	-3,68,000	87,46,000	3,41,000	...	1,00,87,000	+7,23,000
3	72,000	...	9,33,000	-1,000	7,05,000	97,000	...	8,03,000	-1,31,000
4	61,000	...	25,16,000	-1,17,000	24,72,000	49,000	...	25,21,000	+5,000
5	1,34,000	-1,000	55,87,000	+2,07,000	52,38,000	1,53,000	...	53,90,000	-1,97,000
6	3,15,000	-1,000	23,92,000	-1,50,000	20,33,000	3,37,000	...	23,70,000	+78,000
7	10,000	...	10,29,000	-1,24,000	10,39,000	...	...	10,39,000	+10,000
8	7,89,000	-3,000	28,47,000	-70,000	21,55,000	7,62,000	...	29,17,000	+70,000
9	12,76,000	-4,000	1,44,48,000	+26,000	1,35,57,000	11,05,000	...	1,56,62,000	-7,56,000
10	1,11,000	...	2,16,91,000	-61,000	2,16,40,000	1,03,000	...	2,17,49,000	-1,42,000
11	6,77,000	-2,000	63,46,000	-91,000	58,63,000	7,85,000	...	66,48,000	+3,02,000
12	62,000	...	34,55,000	-15,000	29,53,000	65,000	...	30,19,000	-4,37,000
13	1,51,000	-1,000	22,21,000	-62,000	22,35,000	1,84,000	...	24,19,000	+1,98,000
14	1,39,000	-1,000	12,04,000	-1,13,000	12,67,000	1,32,000	...	14,19,000	+1,55,000
15	1,03,000	...	29,77,000	+7,38,000	22,95,000	1,41,000	...	24,39,000	-5,38,000
16	23,000	...	2,06,000	-13,000	1,90,000	30,000	...	2,20,000	+14,000
17	45,000	...	9,78,000	+78,000	9,63,000	31,000	...	9,94,000	+16,000
18	1,64,000	-1,000	21,15,000	+11,000	16,48,000	1,64,000	...	18,15,000	-3,02,000
19	88,000	...	8,83,000	+2,73,000	5,98,000	77,000	...	6,76,000	-2,07,000
20	93,32,000	-32,000	9,68,03,000	+3,09,000	8,64,00,000	96,22,000	...	9,59,22,000	-8,80,000
21	21,800	...	49,05,000	+70,000	45,10,000	27,000	...	45,37,000	-2,68,000
22	67,000	...	20,99,000	-1,68,000	15,08,000	74,000	...	18,82,000	-2,17,000
23	68,000	...	69,01,000	-88,000	63,18,000	1,01,000	...	64,19,000	-4,85,000
24	1,41,000	...	1,88,76,000	-10,43,000	1,92,61,000	1,31,000	...	1,83,92,000	+10,16,000
25	...	...	...	...	...	...	...	...	...
26	1,07,000	...	31,50,000	+5,000	29,83,000	1,07,000	...	30,90,000	-80,000
27	2,17,62,000	-75,000	2,74,01,000	+11,59,000	68,59,000	2,12,00,000	...	2,50,56,000	+6,55,000
28	4,32,000	-2,000	37,41,000	-4,29,000	33,12,000	4,71,000	...	37,83,000	+42,000
29	21,90,000	-8,000	72,55,000	+10,03,000	38,97,000	21,00,000	...	59,97,000	-13,58,000
30	2,44,91,000	-85,000	4,15,47,000	+17,38,000	1,70,48,000	2,38,78,000	...	4,09,26,000	-6,21,000
31	...	...	8,93,000	+6,92,000	2,50,000	...	...	2,50,000	-6,48,000
32	6,32,08,000	-2,15,000	42,07,70,000	-31,37,000	35,65,90,000	6,30,68,000	...	41,96,58,000	-11,12,000
33	4,95,27,000	-1,72,000	8,51,08,000	-1,91,000	3,53,35,000	5,01,76,000	...	8,55,08,000	+4,01,000
34	...	...	...	...	...	...	...	...	...
35	11,17,95,000	-8,87,000	50,58,78,000	-33,18,000	39,19,35,000	11,32,44,000	...	50,51,67,000	-7,11,000
36	...	...	96,35,000	-5,65,000	1,00,00,000	...	...	1,00,00,000	+3,65,000
37	4,00,000	-1,000	15,62,000	-6,48,000	6,30,000	2,44,000	...	8,74,000	-6,88,000
38	...	...	...	...	...	...	...	...	...
39	4,00,000	-1,000	15,62,000	-6,48,000	6,30,000	2,44,000	...	8,74,000	-6,88,000
40	12,95,74,000	-4,49,000	33,40,90,000	-77,54,000	20,45,13,000	12,94,32,000	...	33,39,45,000	-1,45,000
41	36,40,57,000	-13,60,000	1,24,96,23,000	-2,85,22,000	87,60,06,000	36,50,49,000	...	1,24,10,55,000	-85,68,000

Rupees at 21 = Rs. 13½.

BUDGET FOR 1933-34.

C.—Statement of Receipts and Disbursements of the

	Accounts, 1931-32.		
	India.	England.	TOTAL.
	Rs.	Rs.	Rs.
Revenue (from Statement A) . . .	1,19,63,12,880	2,02,55,765	1,21,65,68,645
Exchange added to Revenue . . .	—1,02,931	...	—1,02,931
TOTAL	1,19,62,09,949	2,02,55,765	1,21,64,65,714
Railway Capital not charged to Revenue—			
As per Railway Budget . . .	..	...	...
Public Debt Incurred—			
Permanent Debt—			
<i>Sterling Debt—</i>			
New Sterling Loan . . .	...	...	...
6 per cent. Bonds . . .	...	13,39,96,927	...
5½ per cent. Stock . . .	...	4,28,14,508	...
5 per cent. Stocks 1942-47 . . .	...	...	...
4½ per cent. Stock . . .	...	20,23,527	...
<i>Rupce Debt—</i>			
New Rupee Loan . . .	...	...	...
6½ per cent. Treasury Bonds, 1935 . . .	16,94,65,600	...	...
5½ per cent. Loan 1938-40 . . .	...	...	...
5 per cent. Loan 1940-43 . . .	...	...	...
4½ per cent. Loan 1960-70 . . .	...	...	...
4 per cent. Bonds, 1943 . . .	...	...	...
3½ per cent. Loans . . .	8,77,700	...	...
TOTAL	16,98,13,300	17,88,34,962	34,86,78,262
Floating Debt—			
<i>Treasury Bills—</i>			
Issued to Public . . .	2,01,25,50,000	...	...
Issued to Paper Currency Reserve . . .	78,32,90,000	...	...
India Bills . . .	...	...	...
Temporary Loans . . .	21,50,00,000	...	...
TOTAL	3,01,08,40,000	...	3,01,08,40,000
Carried over	4,37,68,93,249	19,90,90,727	

* Sterling converted into,

BUDGET FOR 1933-34.

55.

Central Government, in India and in England.

REVISED ESTIMATE, 1932-33.			BUDGET ESTIMATE, 1933-34.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1,25,83,88,000 —45,000	1,80,10,000 ...	1,27,13,48,000 — 45,000	1,28,59,25,000 ...	92,91,000 ...	1,24,52,16,000 ...
1,25,82,93,000	1,80,10,000	1,27,13,03,000	1,28,59,25,000	92,91,000	1,24,52,16,000
—36,000	1,03,40,000	1,03,04,000	...	...	..
...	...	...	...	8,00,00,000	...
...	5,15,000	...	...	1,73,000	...
...	13,13,000	...	...	13,96,000	...
...	12,69,20,000	...	...	5,27,000	...
...	21,34,000	...	...	22,50,000	...
...	...	...	12,00,00,000	...	...
...	...	...	...	...	...
19,13,89,000	...	...	...	...	...
25,18,47,000	...	...	...	...	...
22,00,00,000	...	...	...	...	...
14,97,18,000	...	...	...	...	...
1,86,00,900	...	...	8,57,000	...	...
83,15,54,000	13,08,82,000	96,24,36,000	12,08,57,000	8,43,46,000	20,52,03,000
1,23,58,25,000	...	...	90,00,00,000	...	...
1,31,16,60,000	...	...	35,28,10,000	...	...
...	...	...	...	...	...
25,75,00,000	...	...	...	...	...
2,83,49,85,000	..	2,83,49,85,000	1,25,28,10,000	...	1,25,28,10,000
4,92,47,96,000	15,42,32,000	...	2,60,95,92,000	9,36,37,000	...

Rupees at £1 = Rs. 13½.

BUDGET FOR 1933-34.

C.—Statement of Receipts and Disbursements of the

	ACCOUNTS, 1931-32.		
	India.	England.	TOTAL.
	Rs.	Rs.	Rs.
Brought forward	4,37,68,93,249	19,90,90,727	
Unfunded Debt—			
Deposits of Service Funds	9,05,352	16,85,313	
Post Office Cash Certificates	14,49,29,348	...	
Savings Bank Deposits	39,93,90,876	...	
TOTAL	54,52,25,576	16,85,313	54,69,10,889
Deposits and Advances—			
Provincial Loans Fund	21,76,02,741	...	
Posts and Telegraphs Depreciation Fund	37,21,244	...	
Deposits of Local Funds—			
District Funds	16,22,92,675	...	
Other Funds	10,06,70,998	...	
Sinking Funds for Central Loans	1,97,28,186	...	
Other appropriations for Reduction or Avoidance of Debt	5,10,31,000	...	
Sinking Fund Investment Account	85,99,154	...	
Sinking Funds for loans granted to local bodies	4,45,159	...	
Gold Standard Reserve	...	86,48,59,250	
Gold Standard Reserve Revenue Equalisation Fund	...	3,37,01,108	
Deposits of Branch Line Companies	6,80,243	...	
Road Development Fund	1,02,00,768	...	
Post Office Cash Certificate Bonus Fund	22,52,394	...	
Departmental and Judicial Deposits	78,21,08,921	...	
Advances	28,68,88,905	7,97,057	
Discount Sinking Fund	48,41,000	...	
Gain or loss on revaluation, sale, transfer, etc., of assets of the Paper Currency Reserve	...	...	
Suspense	1,48,93,854	95,80,726	
Exchange on Remittance Accounts	...	...	
Miscellaneous	3,57,75,828	2,24,73,317	
Defence Reserve Fund	1,03,22,890	...	
TOTAL	1,71,20,55,960	93,09,11,458	2,64,29,67,418
Railway Depreciation and Reserve Funds as per Railway Budget	13,46,93,940	...	13,46,93,940
Carried over	6,76,88,68,725	1,13,16,87,498	

* Sterling converted into

BUDGET FOR 1933-34.

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Central Government, in India and in England—*contd.*

REVISED ESTIMATE, 1932-33.			BUDGET ESTIMATE, 1933-34.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
4,92,47,96,000	15,42,32,000		2,60,95,92,000	9,36,37,000	
8,67,000	17,60,000		8,48,000	19,02,000	
14,78,00,000	...		9,00,00,000	...	
43,05,50,000	...		42,81,72,000	...	
57,92,17,000	17,60,000	58,09,77,000	51,93,20,000	19,02,000	52,12,22,000
19,52,00,000	...		15,71,00,000	...	
36,81,000	...		45,27,000	...	
15,12,99,000	...		15,30,31,000	...	
9,82,85,000	...		9,85,70,000	...	
2,01,60,000	...		1,91,61,000	...	
5,05,82,000	...		5,10,86,000	...	
2,86,20,000	...		...	...	
4,63,000	...		89,000	...	
...	90,64,64,000		...	67,79,00,000	
...	...		...	...	
7,00,000	...		7,00,000	...	
1,07,00,000	...		1,07,00,000	...	
1,10,00,000	...		1,35,00,000	...	
91,70,75,000	...		75,49,27,000	...	
87,00,92,000	1,17,000		36,76,85,000	2,87,000	
50,85,000	...		74,68,000	...	
5,00,000	...		...	...	
4,23,30,000	59,00,000		2,24,86,000	2,87,000	
4,84,000	...		...	...	
85,30,000	1,95,67,000		1,57,80,000	1,87,47,000	
...	...		...	...	
1,91,47,86,000	93,20,48,000	2,34,68,34,000	1,67,67,60,000	89,72,21,000	2,57,39,81,000
13,75,00,000	...	13,75,00,000	13,75,00,000	...	13,75,00,000
7,55,62,99,000	1,08,80,40,000		4,54,31,72,000	99,27,60,000	

Ruppes at 121 = Rs. 13½.

BUDGET FOR 1933-34.

C.—Statement of Receipts and Disbursements of the—

	ACCOUNTS, 1931-32.		
	India.	England.	TOTAL.
	Rs.	Rs.	Rs.
Brought forward	6,76,88,68,725	1,13,16,87,498	
Loans and Advances by the Central Government—			
Advances to Provincial Loans Fund	...	...	
Other Loans and Advances	96,53,368	...	
TOTAL	96,53,368	...	96,53,368
Remittances—			
I.—Remittances within India—			
Inland Money Orders	81,74,89,764	...	
Other Local Remittances	...	...	
Other Departmental Accounts	...	...	
Net Receipts by Civil Treasuries from—			
Railways	2,14,89,436	...	
Posts and Telegraphs	1,76,15,349	...	
Net Receipts from Civil Treasuries by—			
Defence Services	35,77,86,376	...	
II.—Remittances between England and India—			
Remittance Account—			
Iraq drawings	...	85,75,000	
Sale of Sterling	18,73,04,053	...	
Sale of Silver	...	2,85,52,777	
Other transactions	1,76,95,124	2,57,38,955	
Sterling purchased in India	...	53,79,86,666	
Sterling obtained in London	...	...	
Transfers through the Gold Standard Reserve	...	27,87,44,000	
TOTAL	1,41,93,80,102	87,95,97,398	2,29,89,77,500
Balances of Provincial Governments	2,52,96,381	...	2,52,96,381
TOTAL RECEIPTS	8,22,31,98,576	2,01,12,84,896	
Opening Balance	17,28,23,746	(a) 7,40,43,787	
GRAND TOTAL.	8,39,60,22,322	2,08,53,28,683	

* Sterling converted into Rupees at £1 = Rs. 13½.

(a) Of this amount, £ 1,038 represents funds of the Gold Standard Reserve.

BUDGET FOR 1933-34.

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Central Government, in India and in England—*contd.*

REVISED ESTIMATE, 1932-33.			BUDGET ESTIMATE, 1933-34.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Ks.	Rs.	Rs.	Rs.	Rs.
7,55,62,99,000	1,08,60,40,000	-	4,94,31,72,000	99,27,60,000	
...	...		...	...	
85,45,000	...		1,66,65,000	...	
85,45,000	...	85,45,000	1,66,65,000	...	1,66,65,000
80,82,56,000	...		86,85,00,000	...	
23,35,000	...		22,37,000	...	
3,13,88,000	...		2,96,14,000	...	
9,61,30,000	...		9,82,94,000	...	
9,59,08,000	...		8,84,33,000	...	
32,93,06,000	...		32,53,39,000	...	
...	21,88,000		...	80,00,000	
...	...		...	...	
...	2,28,80,000		...	50,00,000	
92,82,000	1,62,62,000		98,77,000	1,86,07,000	
...	51,76,80,000		...	28,00,00,000	
...	95,33,000		...	...	
20,62,14,000	...		50,00,000	...	
1,57,88,19,000	56,85,43,000	2,14,73,62,000	1,37,72,94,000	31,16,07,000	1,68,89,01,000
6,11,22,000	...	6,11,22,000	2,75,74,000	...	2,75,74,000
9,20,47,85,000	1,65,65,83,000		6,36,47,05,000	1,80,43,67,000	
12,69,10,744	(b) 21,15,32,561		11,73,19,744	(b) 17,84,93,561	
9,33,16,95,744	1,86,81,15,561		6,48,20,24,744	1,48,28,60,561	

* Sterling converted into Rupees at £1=Rs. 13½.

(b) Of this amount, £39 represents funds of the Gold Standard Reserve.

BUDGET FOR 1933-34.

C.—Statement of Receipts and Disbursements of the

	Accounts, 1931-32.		
	India.	England.	Total.
	Rs.	Rs.	Rs.
Expenditure (from Statement B)	95,18,40,598	38,02,15,451	1,33,20,56,047
Exchange	18,82,944	...	18,82,914
TOTAL	95,37,23,540	38,02,15,451	1,33,39,38,991
Irrigation, Posts and Tele- graphs and other Capital Out- lay not charged to Revenue—			
SECURITY PRINTING PRESS	—3,81,991	...	—3,81,991
IRRIGATION, ETC., WORKS	8,746	...	8,746
POSTS AND TELEGRAPHS	84,18,572	3,73,304	87,91,876
VIZAGAPATAM PORT	35,83,096	1,15,271	36,48,367
LIGHT-HOUSES AND LIGHTSHIPS	—3,694	3,694	...
CURRENCY	—5,813	...	—5,843
INITIAL EXPENDITURE ON NEW CAPITAL AT DELHI	13,37,616	1,23,047	14,60,663
PAYMENTS OF COMMUTED VALUE OF PENSIONS	42,31,942	...	42,31,942
PAYMENTS TO RETRENCHED PERSONNEL	1,45,487	...	1,45,487
TOTAL	1,72,83,931	6,15,316	1,78,99,247
RAILWAY CAPITAL NOT CHARGED TO REVENUE— As per Railway Budget	4,13,50,741	2,62,12,722	6,75,63,463
Public Debt Discharged— Permanent Debt—			
<i>Sterling Debt—</i>			
6 p. c. Bonds 1932-33	...	1,72,45,333	...
Do. 1933-35	...	...	...
5½ p. c. Stock	...	19,68,12,110	...
Redemption of liability assumed in respect of British War Loan 1929-47	...	...	...
State Railway annuities	...	2,12,99,490	...
Do. Do. Sinking Funds	...	26,66,667	...
<i>Rupee Debt—</i>			
6 p. c. Bonds, 1933-36	...	...	...
Do. Do. 1932	...	...	...
Other 6 p. c. Bonds	7,48,07,900	...	...
5½ p. c. War Bonds, 1928	1,34,750	...	...
Other 5½ p. c. War Bonds	96,525	...	...
5 p. c. Loan, 1915-55	2,05,77,400	...	...
5 p. c. Loan, 1929-47	1,00,91,225	...	...
5 p. c. Loan, 1939-44	45,91,500	...	...
5 p. c. Bonds 1933	...	...	...
4 p. c. Terminable Loan	2,100	...	...
4 p. c. Railway Loan from Nawab of Rampur	47,00,000	...	...
Other Loans	4,41,957	...	...
TOTAL	11,54,43,357	23,80,23,600	35,34,66,957
Carried over	1,12,78,01,569	64,50,67,089	

* sterling converted in

BUDGET FOR 1933-34.

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Central Government, in India and in England—*contd.*

REVISED ESTIMATE, 1932-33.			BUDGET ESTIMATE, 1933-34.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
88,68,26,000	36,40,57,000	1,25,08,83,000	87,60,06,000	36,50,49,000	1,24,10,55,000
—12,60,000	...	—12,60,000	...	...	...
88,55,66,000	36,40,57,000	1,24,96,23,000	87,60,06,000	36,50,49,000	1,24,10,55,000
4,000	...	4,000	—1,11,000	...	—1,11,000
...	...	...	...	...	...
19,66,000	...	19,66,000	15,80,000	...	15,80,000
51,00,000	3,00,000	54,00,000	43,80,000	1,00,000	49,80,000
—1,000	1,000	...	—2,000	2,000	...
1,000	...	1,000	—78,000	...	—78,000
...	...	...	...	...	...
65,76,000	...	65,76,000	60,65,000	...	60,65,000
12,41,000	...	12,41,000	—1,27,000	...	—1,27,000
1,48,87,000	3,01,000	1,51,88,000	1,22,07,000	1,02,000	1,23,09,000
29,85,000	1,54,47,000	1,84,32,000	2,00,00,000	1,30,00,000	3,30,00,000
...	6,27,55,000	...	...	...	...
...	4,03,13,000	...	...	5,24,13,000	...
...	5,92,000	...	...	...	...
...	...	...	...	78,84,000	...
...	2,20,40,000	...	...	2,28,07,000	...
...	26,67,000	...	...	26,67,000	...
17,52,12,000	...	...	12,10,00,000	...	...
14,60,00,000	...	...	6,50,000	...	...
10,60,000	...	...	7,05,000	...	...
70,000	...	...	65,000	...	...
68,000	...	...	65,000	...	...
4,08,000	...	...	...	...	...
9,05,49,000	...	...	10,44,00,000	...	...
44,73,000	...	...	...	...	...
15,07,15,000	...	...	6,25,00,000	...	...
3,000	...	...	2,000	...	...
...	...	...	...	...	...
2,17,03,000	...	...	10,00,000	...	...
58,92,61,000	12,83,67,000	71,76,28,000	29,03,87,000	8,57,71,000	37,61,58,000
1,49,26,99,000	50,81,72,000	...	1,19,86,00,000	46,39,22,000	...

Rupees at 21 = Rs. 13½.

BUDGET FOR 1933-34.

C.—Statement of Receipts and Disbursements of the

	Accounts, 1931-32.		
	India.	England.	TOTAL.
	Rs.	Rs.	Rs.
Brought forward	1,12,78,01,569	64,50,67,080	
Floating Debt—			
Treasury Bills—			
Issued to Public	2,09,10,05,000	...	
Do. Paper Currency Reserve	34,55,00,000	...	
India Bills	...	5,39,59,452	
Temporary Loans	12,00,00,000	...	
TOTAL	2,55,65,05,000	5,39,59,452	2,61,04,64,452
Unfunded Debt—			
Special Loans	80,408	...	
Deposits of Service Funds	13,00,660	1,75,713	
Post Office Cash Certificates	8,34,32,544	...	
Savings Bank Deposits	36,01,63,400	...	
TOTAL	44,43,27,012	1,75,713	44,51,02,725
Deposits and Advances—			
Provincial Loans Fund	21,71,18,990	...	
Posts and Telegraphs Depreciation Fund	14,44,697	...	
Deposits of Local Funds—			
District Funds	16,50,27,444	...	
Other Funds	10,14,48,707	...	
Sinking Funds for Central Loans	3,42,90,521	...	
Other Appropriations for Reduction or Avoidance of Debt	...	...	
Sinking Fund Investment Account	68,27,328	...	
Gold Standard Reserve	...	86,43,73,329	
Gold Standard Reserve Revenue Equalisation Fund	...	3,37,05,807	
Deposits of Branch Line Companies	4,23,054	...	
Road Development Fund	54,87,015	...	
Departmental and Judicial Deposits	79,03,76,145	...	
Advances	28,96,90,279	...	
Discount Sinking Fund	...	5,80,550	
Gain or loss on revaluation, sale, transfer, etc., of assets of the Paper Currency Reserve	7,39,14,964	...	
Suspense	3,25,47,173	...	
Exchange on Remittance Account	...	96,23,016	
Miscellaneous	7,11,071	...	
Defence Reserve Fund	...	2,37,14,399	
TOTAL	1,71,93,47,388	93,19,97,101	2,65,13,04,489
Railway Depreciation and Reserve Funds as per Railway Budget	17,47,18,361	...	17,47,18,361
Carried over	6,02,32,59,330	1,63,11,99,355	

* Sterling converted into

BUDGET FOR 1933-34.

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Central Government, in India and in England—*contd.*

REVISED ESTIMATE, 1932-33.			BUDGET ESTIMATE, 1933-34.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1,49,26,99,000	50,81,72,000		1,19,86,00,000	46,39,22,000	
1,43,11,50,000	...		98,00,00,000	...	
1,43,55,10,000	...		35,28,10,000	...	
...	...		...	...	
85,25,00,000	...		...	...	
3,26,91,60,000	...	3,26,91,60,000	1,33,28,10,000	...	1,33,28,10,000
44,000	...		44,000	...	
13,31,000	2,40,000		12,61,000	2,86,000	
4,78,00,000	...		4,00,00,000	...	
85,13,23,000	...		34,59,88,000	...	
40,04,98,000	2,40,000	40,07,38,000	38,72,93,000	2,86,000	38,75,79,000
19,47,00,000	...		15,59,00,000	...	
2,37,000	...		6,39,000	...	
15,18,99,000	...		15,32,71,000	...	
9,70,65,000	...		9,71,50,000	...	
51,76,000	...		1,56,37,000	...	
8,00,000	...		...	...	
2,08,49,000	...		90,86,000	...	
...	90,64,64,000		...	87,79,00,000	
...	...		...	...	
3,50,000	...		4,50,000	...	
1,00,00,000	...		1,00,00,000	...	
92,44,45,000	...		75,59,90,000	...	
86,43,22,000	3,28,000		36,12,09,000	4,19,000	
3,35,50,000	...		...	...	
4,78,00,000	...		...	...	
2,40,01,000	2,25,000		2,30,28,000	57,99,000	
4,84,000	...		...	...	
...	1,95,67,000		...	1,87,47,000	
6,22,000	...		61,40,000	...	
1,87,58,00,000	92,65,84,000	2,80,23,84,000	1,53,85,60,000	90,28,65,000	2,49,14,25,000
14,94,16,000	...	14,94,16,000	13,72,12,000	...	13,72,12,000
7,18,75,73,000	1,43,49,96,000		4,64,44,75,000	1,36,70,73,000	

Rupees at 21—Rs. 13½.

BUDGET FOR 1933-34.

C.—Statement of Receipts and Disbursements of the

	Accounts, 1931-32.		
	India.	England.	TOTAL.
	Rs.	Rs.	Rs.
Brought forward—	6,02,32,59,330	1,63,11,91,355	
Loans and Advances by the Central Government—			
Advances to Provincial Loans Fund	11,79,42,000	...	
Other Loans and Advances	1,80,58,913	...	
TOTAL	13,60,00,913	...	13,60,00,913
Remittances—			
I.—Remittances within India—			
Inland Money Orders	81,85,98,883	...	
Other Local Remittances	45,64,873	...	
Other Departmental Accounts	1,37,720	...	
Net Payments into Civil Treasuries by—			
Railways	2,79,24,544	...	
Posts and Telegraphs	1,76,76,247	...	
Net Issues from Civil Treasuries to—			
Defence Services	35,68,37,892	...	
II.—Remittances between England and India—			
Remittance Account—			
Iraq drawings	85,75,000	...	
Sale of Sterling	...	18,73,04,053	
Sale of Silver	2,85,52,777	...	
Other transactions	3,02,52,733	1,40,28,763	
Sterling purchased in India	53,79,86,666	...	
Sterling obtained in London	...	...	
Transfers through the Gold Standard Reserve	27,87,44,000	...	
TOTAL	2,10,98,51,333	20,13,32,816	2,31,11,84,151
Balances of Provincial Governments	...	4,12,63,951	4,12,63,951
TOTAL DISBURSEMENTS	8,26,91,11,578	1,87,37,96,122	
Closing Balance	12,69,10,744	(b) 21,15,32,561	
GRAND TOTAL	8,39,60,22,322	2,08,53,28,683	

* Sterling converted into

(b) Of this amount, 23,748 represents the

BUDGET FOR 1933-34.

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Central Government, in India and in England—*concl'd.*

REVISED ESTIMATE, 1932-33.			BUDGET ESTIMATE, 1933-34.		
India.	* England.	TOTAL.	India.	* England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
7,18,75,73,000	1,43,49,96,000		4,64,44,75,000	1,36,70,73,000	
8,15,00,000	...		8,91,00,000	...	
1,61,92,000	...		1,47,37,000	...	
9,76,92,000	...	9,76,92,000	5,38,37,000	...	5,38,37,000
80,83,56,000	...		86,80,00,000	...	
21,93,000	...		21,38,000	...	
8,16,62,000	...		2,97,73,000	...	
9,61,80,000	...		9,82,94,000	...	
9,59,08,000	...		3,84,33,000	...	
32,93,06,000	...		32,53,39,000	...	
21,88,000	...		80,00,000	...	
...	...		...	...	
2,28,80,000	...		50,00,000	...	
1,32,75,000	1,23,90,000		1,58,05,000	1,29,98,000	
51,76,80,000	...		28,00,00,000	...	
95,33,000	...		...	...	
...	20,62,14,000		...	50,00,000	
1,92,91,11,000	21,86,04,000	2,14,77,15,000	1,67,07,82,000	1,79,98,000	1,68,87,80,000
...	3,60,22,000	3,60,22,000	...	3,21,74,000	3,21,74,000
9,21,43,76,000	1,68,96,22,000		6,36,90,94,000	1,41,72,45,000	
11,73,19,744	(b) 17,84,93,561		11,29,30,744	(b) 6,56,15,561	
9,33,16,95,744	1,86,81,15,561		6,48,20,24,744	1,48,28,60,561	

Rupees at £1 = Rs. 13½.

funds of the Gold Standard Reserve.

D.—Abstract Statement of the Receipts and Disbursements of the Central Government, in India and in England.

Revenue and Expenditure.	Accounts, 1931-32.		Revised Estimate, 1932-33.		Budget Estimate, 1933-34.	
	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Principal Heads of Revenue—						
Customs	45,53,16,665	...	51,34,78,000	...	50,27,00,000	...
Taxes on Income	16,74,58,695	...	16,92,33,000	...	17,38,17,000	...
Salt	7,42,34,052	...	9,25,54,000	...	7,59,80,000	...
Opium	1,27,64,307	...	8,56,000	...	62,69,000	...
Other Heads	1,61,41,937	...	1,32,17,000	...	1,28,98,000	...
TOTAL	72,59,38,656	...	78,93,29,000	...	77,16,64,000	...
Forest and other Capital Outlay charged to Revenue	...	60,241	...	2,83,000	...	2,34,000
Irrigation	...	8,72,111	...	3,66,000	...	4,88,000
Railways	...	...	...	...	...	...
Posts and Telegraphs	...	41,70,899	...	54,61,000	...	60,81,000
Debt Services	...	17,31,44,382	...	16,31,30,000	...	15,85,36,000
Civil Administration	...	11,23,10,499	...	8,77,50,000	...	8,76,60,000
Currency and Mint	1,02,52,832	...	1,71,71,000	...	1,10,40,000	...
Civil Works	...	1,96,25,958	...	1,62,84,000	...	1,72,37,000
Miscellaneous	...	2,77,24,377	...	3,31,28,000	...	3,54,42,000
Defence Services	...	51,76,00,000	...	46,74,00,000	...	46,20,00,000
Provincial Contributions and Miscellaneous Adjustments between Central and Provincial Governments.	...	...	...	96,35,000	...	1,00,00,000
Extraordinary Items	18,50,102	...	...	13,88,000	...	8,74,000
TOTAL	78,80,41,090	85,55,14,367	80,65,00,000	78,48,20,000	78,37,13,000	77,85,52,000

D.—Abstract Statement of the Receipts and Disbursements of the Central Government, in India and in England—*concl'd.*

Revenue and Expenditure.	Accounts, 1931-32.		REVISED ESTIMATE, 1932-33.		BUDGET ESTIMATE, 1933-34.	
	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Surplus or deficit	...	11,74,73,77	2,16,80,000	...	41,61,000	...
Capital Account—						
Capital outlay on Security Printing Press	...	—3,61,991	...	4,000	...	—1,11,000
Railway Capital not charged to Revenue	...	6,76,63,463	...	81,28,000	...	3,30,00,000
Construction of Irrigation, etc., Works	...	8,748	...	...	...	...
Capital outlay on Posts and Telegraphs	...	67,91,676	...	19,68,000	...	15,80,000
Capital outlay on Vizagapatam Port	...	36,48,367	...	54,00,000	...	49,80,000
Capital outlay on Light-houses and Light-ships	...	...	...	...	...	...
Currency Capital outlay	...	—5,843	...	1,000	...	—78,000
Initial expenditure on New Capital at Delhi	...	14,60,663	...	...	...	...
Payment of commuted value of pensions	...	42,31,942	...	65,76,000	...	60,65,000
Payments to Retrenched Personnel	...	1,45,487	...	12,41,000	...	—1,37,000
Debt, Deposits, Advances and Remittances—						
Permanent Debt	...	47,85,695	24,48,08,000	...	...	17,09,55,000
Floating Debt	40,03,75,548	...	...	43,41,75,000	...	8,00,00,000
Unfunded Debt	10,18,08,164	...	18,02,39,000	...	13,36,43,000	...
Deposits and Advances	...	4,23,61,493	3,25,34,000	...	8,28,44,000	...
Loans and Advances by Central Government	...	12,63,47,545	...	8,91,47,000	...	3,71,72,000
Remittances	...	1,22,06,651	...	8,53,000	1,21,000	...
Balances of Provincial Governments	...	1,59,67,570	2,51,00,000	...	...	40,00,000
Opening Balance	24,66,67,533	...	33,84,43,305	...	29,58,18,305	...
Closing Balance	...	33,84,43,305	...	29,58,18,305	...	17,85,46,305
TOTAL	74,90,51,245	74,90,51,245	84,28,04,305	84,28,04,305	51,65,82,305	51,65,82,305

THE INDIAN FINANCE BILL.

INTRODUCED IN THE LEGISLATIVE ASSEMBLY ON THE 28TH FEBRUARY
1933.

A Bill to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary certain duties leviable under the Indian Tariff Act, 1894, to fix maximum rates of postage under the Indian Post Office Act, 1898, further to amend the Indian Stamp Act, 1899, to fix rates of income-tax and super-tax, and further to amend the Indian Paper Currency Act, 1923.

WHEREAS it is expedient to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary certain duties leviable under the Indian Tariff Act, 1894, to fix maximum rates of postage VIII of 1894. under the Indian Post Office Act, 1898, further to amend the Indian Stamp VI of 1898. Act, 1899, to fix rates of income-tax and super-tax, and further to amend the II of 1899. Indian Paper Currency Act, 1923 ; It is hereby enacted as follows :— X of 1923.

Short title and extent. I. (1) This Act may be called the Indian Finance Act, 1933.

(2) It extends to the whole of British India, including British Baluchistan and the Sonthal Parganas.

2. The provisions of section 7 of the Indian Salt Act, 1882, shall, in so XII of 1882. far as they enable the Governor General in Council to impose by rule made under that section a duty on salt manufactured in or imported into, any part of British India other than Burma or Aden, be construed as if, for the year beginning on the 1st day of April, 1933, they imposed such duty at the rate of one rupee and four annas per maund of eighty-two and two-sevenths pounds avoirdupois of salt manufactured in, or imported by land into, any such part, and such duty shall, for all the purposes of the said Act, be deemed to have been imposed by rule made under that section.

Amendment of 3. (1) In the Second Schedule to the Indian VIII of 1894. Schedule II to Act VIII Tariff Act, 1894,— of 1894.

(a) after Item No. 41B the following item shall be inserted, namely :—

“ 41C	UPPERS for boots and shoes unless entirely made of leather.	Ad valorem .	20 per cent. or two annas per pair, whichever is higher.”;
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(b) after Item No. 44 the following item shall be inserted, namely :—

“ 45	SILK OR ARTIFICIAL SILK PIECE-GOODS other than fents of not more than nine yards in length.	Ad valorem .	50 per cent. or four annas per square yard, whichever is higher.”;
------	---	--------------	--

(c) in Item No. 45A,—

(i) for the entries in the fourth column against sub-items (a) and (b), the following shall be substituted, namely :—

“ 35 per cent. or two annas and three pies per square yard, which : ever is higher.”, and

(ii) for the entry in the fourth column against sub-item (c), the following shall be substituted, namely :—

“ 35 per cent.” ; and

(d) for Item No. 133, the following item shall be substituted, namely :—

“ 133 | MANUFACTURES of silk or artificial silk not otherwise specified.”

VIII of 1894. (2) Notwithstanding anything contained in section 4 of the Indian Finance Act, 1931, or in section 4 of the Indian Finance (Supplementary and Extending) Act, 1931, the additional duties imposed by those sections shall not be levied on any articles chargeable with duty under Item No. 45 or No. 45-A of the Second Schedule to the Indian Tariff Act, 1894, as amended by this section.

VI of 1898. 4. For the year beginning on the 1st day of April, 1933, the Schedule contained in the First Schedule to this Act shall be inserted in the Indian Post Office Act, 1898, as the First Schedule to that Act.

II of 1899. 5. With effect on and after the 1st day of July, 1933, and for three years thereafter, the Indian Stamp Act, 1899, shall be deemed to be amended in the manner specified in the Second Schedule.

Income-tax and super-tax. 6. (1) Income-tax for the year beginning on the 1st day of April, 1933, shall be charged at the rates specified in Part I of the Third Schedule, increased in each case, except in the case of total incomes of less than two thousand rupees, by one-fourth of the amount of the rate.

XI of 1922. (2) The rates of super-tax for the year beginning on the 1st day of April, 1933, shall, for the purposes of section 55 of the Indian Income-tax Act, 1922, be those specified in Part II of the Third Schedule, increased in each case by one-fourth of the amount of the rate.

XI of 1922. (3) For the purposes of the Third Schedule “ total income ” means total income as determined for the purposes of income-tax or super-tax, as the case may be, in accordance with the provisions of the Indian Income-tax Act, 1922.

XI of 1922. (4) For the purpose of assessing and collecting income-tax on total incomes of less than two thousand rupees the Indian Income-tax Act, 1922, shall be deemed to be subject to the adaptations set out in Part III of the Third Schedule.

X of 1923. 7. In sub-section (7) of section 19 of the Indian Paper Currency Act, 1923, for the figures “ 1933 ” the figures “ 1934 ” shall be substituted.

XVI of 1931. It is hereby declared that it is expedient in the public interest that the provisions of clause 3 of this Bill should have immediate effect under the provisions of the Provisional Collection of Taxes Act, 1931.

SCHEDULE I.

Schedule to be inserted in the Indian Post Office Act, 1898.

[See section 4.]

"THE FIRST SCHEDULE.

INLAND POSTAGE RATES.

[See section 7.]

Letters.

For a weight not exceeding two and a half tolas	One anna and three pies.
---	--------------------------

For every two and a half tolas, or fraction thereof, exceeding two and a half tolas	One anna and three pies.
---	--------------------------

Postcards.

Single	Nine pies.
------------------	------------

Reply	One and a half annas.
-----------------	-----------------------

Book, Pattern and Sample Packets.

For every five tolas or fraction thereof	Half an anna.
--	---------------

Registered Newspapers.

For a weight not exceeding eight tolas	Quarter of an anna.
--	---------------------

For a weight exceeding eight tolas and not exceeding twenty tolas	Half an anna.
---	---------------

For every twenty tolas, or fraction thereof, exceeding twenty tolas	Half an anna.
---	---------------

Parcels.

For a weight not exceeding twenty tolas	Two annas.
---	------------

For a weight exceeding twenty tolas and not exceeding forty tolas	Four annas.
---	-------------

For every forty tolas, or fraction thereof, exceeding forty tolas	Four annas."
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SCHEDULE II.

Temporary amendments to be made in the Indian Stamp Act, 1899.

[See section 5.]

1. In section 3,—

(a) in clause (b), for the words "payable otherwise than on demand" the word "cheque" shall be substituted; and

(b) in clause (c), after the words "bill of exchange," the word "cheque" shall be inserted.

2. In clause (b) of section 11, after the words "bills of exchange," the word "cheques" shall be inserted.

3. In sub-section (1) of section 18, after the words "bill of exchange," the word "cheque" shall be inserted.

4. In section 19,—

(a) for the words “payable otherwise than on demand,” the word “cheque” shall be substituted; and

(b) in clause (a) of the proviso, after the words “any such bill of exchange,” the word “cheque” shall be inserted.

5. In section 47, for the words “or promissory note” the words “, promissory note or cheque” shall be substituted, and for the words “or note” wherever they occur thereafter, the words “, note or cheque” shall be substituted.

6. In clause (c) of section 49,—

(a) for the words “payable otherwise than on demand” the word “, cheques” shall be substituted;

(b) in sub-clause (1), for the words “any such bill of exchange” the words “any bill of exchange or cheque” shall be substituted and after the words “the acceptance of any bill of exchange” the words “or cheque” shall be inserted; and

(c) in sub-clause (3), for the words “any such bill of exchange” the words “any bill of exchange, cheque” shall be substituted, after the words “a bill of exchange” the words “or cheque” shall be inserted, and after the words “duly stamped bill of exchange,” and the words “with the spoiled bill,” the word “cheque” shall be inserted.

7. In clause (a) of sub-section (1) of section 62, for the words “payable otherwise than on demand” the word “, cheque” shall be substituted.

8. In section 67, the words “payable otherwise than on demand” shall be omitted.

9. In article No. 13 of Schedule I, after the words, figures and brackets “as defined by section 2 (2)” the word, figure and brackets “and (3)” shall be inserted, and before clause (b) the following clause shall be inserted, namely :—

“(a) where payable on demand | One anna.”

10. After article No. 20 of Schedule I the following article shall be inserted, namely :—

“21. Cheque as defined by section 2 (7) | One anna.”

SCHEDULE III.

[See section 6.]

PART I.

Rates of Income-tax.

A. In the case of every individual, Hindu undivided family, unregistered firm and other association of individuals not being a registered firm or a company—

	Rate.
(1) When the total income is Rs. 1,000 or upwards, but is less than Rs. 2,000.	Four pies in the rupee.
(2) When the total income is Rs. 2,000 or upwards, but is less than Rs. 5,000.	Six pies in the rupee.

	Rate.
(3) When the total income is Rs. 5,000 or upwards, but is less than Rs. 10,000.	Nine pies in the rupee.
(4) When the total income is Rs. 10,000 or upwards, but is less than Rs. 15,000.	One anna in the rupee.
(5) When the total income is Rs. 15,000 or upwards, but is less than Rs. 20,000.	One anna and four pies in the rupee.
(6) When the total income is Rs. 20,000 or upwards, but is less than Rs. 30,000.	One anna and seven pies in the rupee.
(7) When the total income is Rs. 30,000 or upwards, but is less than Rs. 40,000.	One anna and eleven pies in the rupee.
(8) When the total income is Rs. 40,000 or upwards, but is less than Rs. 1,00,000.	Two annas and one pie in the rupee.
(9) When the total income is Rs. 1,00,000 or upwards	Two annas and two pies in the rupee.
B. In the case of every company and registered firm, whatever its total income.	Two annas and two pies in the rupee.

PART II.

Rates of Super-tax.

In respect of the excess over thirty thousand rupees of total income—

	Rate.
(1) in the case of every company—	
(a) in respect of the first twenty thousand rupees of such excess	Nil.
(b) for every rupee of the remainder of such excess	One anna in the rupee.
(2) (a) in the case of every Hindu undivided family—	
(i) in respect of the first forty-five thousand rupees of such excess.	Nil.
(ii) for every rupee of the next twenty-five thousand rupees of such excess.	One anna and three pies in the rupee.
(b) in the case of every individual, unregistered firm and other association of individuals not being a registered firm or a company—	
(i) for every rupee of the first twenty thousand rupees of such excess.	Nine pies in the rupee.
(ii) for every rupee of the next fifty thousand rupees of such excess	One anna and three pies in the rupee.
(c) in the case of every individual, Hindu undivided family, unregistered firm and other association of individuals not being a registered firm or a company—	
(i) for every rupee of the next fifty thousand rupees of such excess	One anna and nine pies in the rupee.
(ii) for every rupee of the next fifty thousand rupees of such excess	Two annas and three pies in the rupee.
(iii) for every rupee of the next fifty thousand rupees of such excess	Two annas and nine pies in the rupee.

	Rate.
(iv) for every rupee of the next fifty thousand rupees of such excess	Three annas and three pies in the rupee.
(v) for every rupee of the next fifty thousand rupees of such excess	Three annas and nine pies in the rupee.
(vi) for every rupee of the next fifty thousand rupees of such excess	Four annas and three pies in the rupee.
(vii) for every rupee of the next fifty thousand rupees of such excess	Four annas and nine pies in the rupee.
(viii) for every rupee of the next fifty thousand rupees of such excess.	Five annas and three pies in the rupee.
(ix) for every rupee of the next fifty thousand rupees of such excess	Five annas and nine pies in the rupee.
(x) for every rupee of the remainder of such excess	Six annas and three pies in the rupee.

PART III.

Adaptations of the Indian Income-tax Act, 1922, to provide for the summary assessments of income-tax on total incomes of less than Rs. 2,000.

1. The Income-tax Officer may, save where he has served a notice under sub-section (2) of section 22 of the Indian Income-tax Act, 1922, make a summary assessment of the income of an assessee to the best of his judgment, and shall serve on the assessee a notice of demand in a form to be prescribed by the Central Board of Revenue; and such notice shall be deemed to be a notice of demand under section 29 of that Act.

2. Any assessee in respect of whom such summary assessment has been made may, within thirty days of receipt of the notice of demand, make an application to the Income-tax Officer for the cancellation or revision of the assessment, and the Income-tax Officer shall, after examining any accounts and documents and hearing any evidence which the assessee may produce, and such other evidence as the Income-tax Officer may require, determine, by order in writing, the amount of the tax, if any, payable by the assessee, and such determination shall be final:

Provided that, if any assessee making such application files therewith a return of his income under sub-section (2) of section 22 of the Indian Income-tax Act, 1922, the application shall be deemed to be a return under that sub-section and shall be dealt with accordingly.

3. A copy of an order under paragraph 2 shall be served on the assessee to whom it relates and shall be deemed to be a notice of demand under section 29 of the Indian Income-tax Act, 1922.

4. The above procedure shall apply also to the assessment and collection during the financial year 1933-34 of incomes of Rs. 1,000 and upward and less than Rs. 2,000 which have escaped assessment in the financial year 1932-33.

STATEMENT OF OBJECTS AND REASONS.

The object of this Bill is to continue for a further period of one year certain duties and taxes imposed under the Indian Finance Act, 1931, read with the Indian Finance (Supplementary and Extending) Act, 1931.

2. Clauses 2, 4, 6 and 7 provide for the continuance for a further period of one year of the existing provisions regarding salt duty, inland postage rates, rates of income-tax and super-tax and the credit to revenue of interest on securities forming part of the Paper Currency Reserve. The duty of one rupee four annas per maund on salt remains liable to the additional duty imposed by section 5 of the Indian Finance (Supplementary and Extending) Act, 1931.

As it is proposed to retain the tax on incomes of Rs. 1,000 and upwards and below Rs. 2,000 per annum, clause 6 (4) provides for the continuance of the existing procedure for the assessment of such incomes, which has already been approved by the Legislature.

3. Clause 3 provides for the following alterations in customs tariff :—

- (i) it fixes a minimum specific duty of $2\frac{1}{2}$ annas including surcharge on uppers of boots and shoes not made entirely of leather ;
- (ii) it fixes minimum specific duties of 4 annas per square yard and 2 annas and three pies per square yard respectively, with no surcharge, on artificial silk piece-goods and artificial silk mixtures and rounds off the existing *ad valorem* duty, including surcharge, of $34\frac{3}{4}$ ths per cent. on artificial silk mixtures to 35 per cent. with no surcharge.

The reasons for making these changes have been fully explained in my budget speech.

4. Clause 5 provides for the re-imposition of the stamp duty on cheques^a and on bills of exchange which are payable on demand for a limited period of three years from the 1st July, 1933. The object of this provision is also explained in my budget speech.

GEORGE SCHUSTER.

NEW DELHI ;

The 28th February 1933.

Speech of the Financial Secretary in the Council of State on the 28th February 1933.

THE HONOURABLE MR. J. B. TAYLOR (Finance Secretary): Sir, I rise to present the Statement of estimated expenditure and revenue of the Governor General in Council for the year 1933-34 in respect of subjects other than Railways.

2. In this Budget we can face the people of India with the consciousness of a difficult situation squarely met. When the Honourable Mr. Brayne rose in this House 12 months ago to present the Budget for 1932-33, the difficulties which he indicated could without exaggeration be described as appalling. The previous year had closed with a deficit of $11\frac{1}{2}$ crores and for 1932-33 he anticipated that the deficit would reach 13·6 crores. The economic fabric of the country had suffered a shock of unparalleled magnitude owing to the collapse of commodity prices and there was no real indication or even any prospect of their recovery within any period which could be forecasted. An emergency budget with drastic measures of retrenchment has been placed before the Legislature some months before, but even in that short time it appeared as if the calculations on which it was based were to be falsified by the continued deterioration in the international situation.

3. Today, though it would be rash to predict any improvement in the international position, though commodity prices are lower even than they were 12 months ago, the Government of India are in the fortunate position of being able to put before this House their revised estimates for the current year, which show that the surplus of 2,15 lakhs which was budgeted for has been most accurately fulfilled: the actual surplus which we hope to have at the end of the year on our latest estimates being 2,17 lakhs. As I shall show later, this does not mean that every one of our estimates hit the mark so accurately; the total is the result of various opposing factors, some of which represent windfalls which we cannot expect to have repeated next year.

4. I shall now extract from the published statements the salient figures showing how this result was reached. I might first mention that, when we finally compiled the accounts for 1931-32 the results were nearly 2 crores better than were anticipated in the Budget speech, and the accounts for the year showed a deficit of $11\frac{1}{2}$ crores as against the estimate of 13·6 crores.

5. As regards our revenue during the current year, the revised estimates of our most important receipt, that of customs, corresponded almost exactly with the budget estimate. In the Budget we had taken a figure of 52,31 lakhs, and so far as we can see we will realise 52,29 lakhs. Here again increases in some of our estimates balanced decreases in others. The largest increase was under cotton piecegoods where we estimated that we would receive 3·79 lakhs and actually received 6·40. Against this we had a falling off in the receipts from sugar; we received 7·1 crores as compared with our estimate of 8·9. The import duty on silver and on motor cars and cycles, liquors and tobacco also failed to reach our expectations.

6. As regards cotton piecegoods, I think that we must consider the large imports during the past year as somewhat abnormal. To a certain extent the waning of the boycott movement contributed to the improvement and this is shown by the fact that British goods also shared in the recovery. The most important factor was, however, undoubtedly the stimulus to Japanese imports afforded by the depreciation of the yen.

7. In this connection, interesting statistics have been prepared by Dr. Meek, the Director General of Commercial Intelligence, regarding the

imports of piecegoods and other necessities. These statistics are being published with the documents connected with the Budget, and I would invite the particular attention of this House to them. They show that the standard of living of the masses is being maintained in a most remarkable manner in spite of the fall in the prices of their own produce. It seems impossible to resist the conclusion that this remarkable maintenance of consumption power by the people of India is due primarily to exports of gold—an important question which I shall discuss later. In any case, it has helped to maintain our customs receipts in a most satisfactory manner.

8. I now turn to the other items in our revenue. In our estimate of income-tax we slightly overshot the mark, budgetting for 18,73 lakhs, and receiving according to our latest estimates 17,70; salt gave us 10,38 lakhs as compared with our estimate of 9,43, though here it is to be noted that the receipts were enhanced to a greater extent than we anticipated by the extension of the salt credit system which was one of the features of our emergency budget of September, 1931 and which produced a special addition to our Budget during the current year of 150 lakhs. The other items of revenue call for no special comments, the net result being that we expect to realise 127·13 crores as against a budget estimate of 129·96—a drop of 2,83 lakhs.

9. As regards expenditure, the estimated result for the year is 124·96 crores as compared with a budget of 127·81, a saving of 2·85 crores. I propose to deal with expenditure under four heads: first, civil; second, defence; third, commercial departments; and fourth, general financial heads such as service of debt, currency and exchange.

10. On civil heads we budgeted for an expenditure of 20,65 lakhs, and our revised estimates show that that figure will be almost exactly realised. The revised estimate is 20,89 lakhs, showing an apparent increase of 24 lakhs 61 lakhs of this may, however, be regarded as either technical expenditure which involves no loss to Government or expenditure which is definitely non-recurring. Among the technical excesses I would quote for instance 16 lakhs for extra payments under opium, the yield of the crop being unexpectedly high: the opium has of course to be purchased from the cultivators but the cost will all be subsequently recovered. Among the non-recurring items I would include the increased charges for pensions due to the continuation of retrenchment and for the commutation of pensions; these items amounted to 13 lakhs. Taking all the items together, we calculate that in our ordinary working costs we will have achieved during the year economies of 41 lakhs more than we anticipated. Here it might be convenient to make a comparison with the recommendations of the four civil retrenchment sub-committees. They recommended retrenchments in expenditure totalling 499 lakhs; against this in the last Budget Government announced that they had achieved economies of 433 lakhs; this we have now raised to 474 or nearly 95 per cent. of the amount recommended by the committees.

11. Next year we hope to do even better. The estimates for civil expenditure in 1933-34 are 20,53 lakhs as compared with the revised estimate of 20,89 lakhs for the current year, that is to say, a reduction of 36 lakhs. This economy is being effected even after making allowance for the reduction of the cut in pay to 5 per cent. which will involve an extra charge of 27 lakhs on the civil side, and the normal increments in time-scale pay which we calculate will amount to approximately 16 lakhs. In addition, there are various other items of new unavoidable expenditure which will amount to 14 lakhs. As these three factors account for 57 lakhs, it will be seen that the

reduction which we hope to effect in our normal expenditure next year is no less than 93 lakhs. I am giving these counterbalancing items in addition to the net result because though naturally it is only the net result—the economy of 36 lakhs—which Members of this House will look to, it is important to show how continuous and unrelenting must be the scrutiny of existing expenditure if the burden on the taxpayer is not to grow because of the inclusion of unavoidable new items.

12. As regards the Defence budget, the retrenchment has been even more drastic. In the current year after allowing for the full effects of the 10 per cent. cut in pay, the net budgetary allotment was 46·74 crores. For 1933-34, in spite of the partial restoration of the cut which involves an additional expenditure of 52½ lakhs, the net provision is 46·20 crores, that is to say, a further net reduction of 54 lakhs. It is true that the army has to a certain extent benefited by the fall in the prices of commodities, but the difference made in their budget between 1928-29 and now on this account is only approximately 1 crore, and the Army budget has been reduced in the last three years from 55·10 crores to 46·20 crores, that is to say, by nearly 9 crores. This has been due to the pursuit of a policy of drastic economy by the army authorities and it is obvious that curtailment on this scale must have involved a very considerable retrenchment and paring down of the margin of safety which could only be justified on account of overwhelming financial necessity.

13. As regards the commercial departments, I have little comment to make. The Honourable Sir Guthrie Russell presented the House with the picture of the railways some days ago, and though I agree with him that the position in our railways compared favourably with that in other countries, there can be no prospect of material relief until trade improves. The same may be said of posts and telegraphs where, after allowing for the extra 27½ lakhs on account of the reduction in the cut in pay and 15 lakhs on account of increments, and setting off against this economies of 25 lakhs which we hope to achieve in other directions, the net loss next year will we estimate be 57 lakhs as compared with 48 lakhs this year.

14. I now turn to the finance heads, that is to say, the administration of debt, currency and exchange, and here I am glad to say that the picture is decidedly more cheerful. Members of this House need not be reminded of the sensational improvement in our position since we jointly with England unpegged gold in September, 1931, and allowed it to soar untrammelled. Exchange was very steady throughout the year, and from the middle of August we have been able to effect large purchases of sterling, which we estimate for the year at nearly £40 millions, at an average rate of 1s. 6-5/32d. As we budgeted for a rate of 1s. 6d., this has given us a profit of 30 lakhs. But that is by no means the whole story. Our requirements for the year were £24 millions, so that the balance of approximately £15½ millions has been available for strengthening our currency reserves. In addition, we hope to close the year with a balance in London of £13,400,000 as compared with £15,800,000 last year. In 1933-34 we have estimated for a reduction of the closing balance to £1,920,000 on the 31st March, 1934. On the assumption that we float a sterling loan for £6 millions in 1933-34, this means that the sterling which we will have to purchase next year will be £21 million only as compared with our actual purchases in the current year of £40 millions. If there is any surplus, we will probably find it best to devote it, as in this year, to a further strengthening of our sterling currency reserves.

15. The strength of exchange is primarily due to one cause—the large exports of gold. In the fifteen months between September, 1931 and December, 1932 India, on balance, exported gold of the value of 107·08 crores. In his Budget speech the Honourable Finance Member has analysed the various aspects of this phenomenon which has amazed and confuted those western critics with whom it had become an article of their monetary creed that India was and would always remain a sink of the precious metals. I propose now to deal only with two of the more important criticisms which have been made against Government, which I consider to be primarily due to a misunderstanding of the essence of the problem. In the first place, our critics say that by allowing our gold to go in this unfettered manner we are dangerously depleting the reserves of the country.

16. I would first point out that the volume of our exports is somewhat exaggerated by the fact that they are generally quoted in terms of value and not in weight. The price of gold in terms of rupees has varied widely in the past 20 years, so that calculations based on price are misleading. Many of our critics forget that the gold which has been exported in the last 18 months has been sold at a profit of between 25 and 30 per cent. If I take the figures in ounces, the strength of India's position becomes extraordinarily striking. The weight in ounces of our net exports from September, 1931 to December, 1932, is 14,110,000; the net imports from April, 1926, up to the date when exports began on a large scale is no less than 15,120,000; that is to say, that in spite of all that we have exported, we are still only back where we were in June, 1926; and if we go back to April, 1922, we find that in those four years India's net imports amounted to 28,279,000 ounces, in other words, we could export twice as much as we have already exported and still be where we were eleven years ago. If we go still further back, though the figures can only be regarded as very approximate, certain statisticians have calculated that India up to the end of the war had amassed a stock of more than a 100,000,000 ounces of which 50 had been imported since 1900, that is to say, that at present prices there should be still about a 1,000 crores worth of gold in India. However that may be, and I do not wish to attach importance to these early estimates it is obvious that the exports so far have only scratched the surface of the gold mine.

17. The next criticism that is made is that we should in some way or other have contrived to secure this gold for the Indian currency reserves with a view to rendering possible the creation of a reserve bank at an early date. Here again there is a great deal of misunderstanding. In his Budget speech the Honourable Finance Member has conclusively proved a fact that is obvious when explained, that is to say, that it would have been impossible for us to have acquired more gold than we have at present secured sterling, unless we were prepared either to attract it by maintaining artificially high rates of money, or to grab it by placing an embargo on its export and thus compelling the holders to sell it to us at less than the world price. We were not prepared to consider either of these courses, so that under open market conditions it is obvious that we could not get more gold than we have bought sterling. During the period in question we have built up our reserves to the extent of £30 million sterling, so that the question narrows down to a clear and definite issue: would it have been better for us to have bought gold to this amount instead of buying sterling? I will first of all deal with the criticism that the retention of this gold would have helped towards the creation of a reserve bank to a greater extent than acquisition of sterling. Here we are on quite clear ground and can say definitely that this is a mistake. Though there was much dispute five years ago as to the directorate of the proposed reserve bank, there was

fairly general agreement as to the composition of the reserves, as embodied in the Reserve Bank Bill in the final form in which it was presented in January, 1928. The stipulations were, first, that before Government handed over the responsibility for the currency to the new institution the total amount of gold coin and bullion and securities should not be less than one-half of the whole amount transferred; second, that the amount of gold coin and gold bullion should not at any time be less than 30 crores of rupees in value; third, that it should not be less than one-fifth of the total amount of the reserve after the end of the fifth year; and fourth, that 17/20ths of the actual gold should be held in India. How does our position compare with this? Our liabilities on the 31st January of this year on the basis of the calculations of the Reserve Bank Bill would be 214 crores—174 for outstanding notes and 40 for the rupee redemption fund. One-fifth of this is 43 crores. We actually have gold to the amount of 44.36 crores of which all except 3 crores is held in India. We are thus not only 14 crores in advance of our initial requirement of 30 crores, but 1 crore in advance of the amount which we are expected to reach after five years. On the other hand, as regards external securities, we require 63 crores, and at present we only have 35. It is therefore obvious that it is our external securities which require building up rather than our gold. We are ahead of our programme as regards gold, but as regards securities we still have a leeway of approximately 28 crores to make up.

18. I wish to make it quite clear that here I am merely answering the particular criticism that our policy is not that which is best directed to the early creation of a reserve bank, in order to show that we are following strictly the lines laid down by common consent, and the scheme which still holds the field to meet that object. With the separation of gold from sterling and the rupee, however, it is obvious that entirely new problems have been created which must be judged in the circumstances as they arise, and that though we are at present following the programme laid down for us, we are in no way committing ourselves blindly for the future should it seem to require modification in the interests of the country; that is to say, though for the present it seems to us not only to suit our programme but to be in the interests of the country to buy securities, rather than gold, we are not committing ourselves in any way to go on doing so indefinitely.

19. With this caution I would now like to take the House further afield and to survey the international aspect of the problem. Here there can be no doubt whatever that our policy is in the best interests of the economic reconstruction of the world as a whole. In fact, in the complete absence of any approach to any alternative system which would replace gold as the basis of the world's currency systems, I might go further and say that Indian gold exports are the only promising feature in the situation. So long as gold forms the international medium of currency, so long must prices in the long run depend on the amount of it available for currency purposes, and though the gold which we are sending abroad is being at present, as we think, uselessly bottled up elsewhere, India is taking her profit on it and turning that profit to good uses, and later on the force of circumstances will inevitably compel those who are now hoarding it to release it. When they do I trust that India will have sufficient commonsense to insist that the price which she pays to take it back if she does want it back is a price much more in accordance with its secular value and not the fancy level to which a panic-stricken world has now pushed it. When the time comes for the release of the world's hoarded gold stocks, as come sooner or later it must, India, as one of the largest exporters of raw materials, will benefit beyond all reckoning by the increased world purchasing power which she is now creating.

20. Apart also from the international benefits which are not yet apparent. India itself in the meantime is benefitting directly by these sales. As I pointed out earlier in my speech, it has enabled the country to continue its consumption of the primary necessities of a decent life practically unabated while other countries have had to tighten their belts and do without.

21. In addition, the funds so released have contributed to what I may describe without exaggeration as a complete transformation of India's credit position. Eighteen months ago our $3\frac{1}{2}$ per cent. paper stood at 53 ; now it is about 83 ; our sterling $3\frac{1}{2}$ per cents. stood at 46, they are now 89. The bank rate was then 8 per cent., it is now $3\frac{1}{2}$. Our securities now stand higher than those of any important country except the United Kingdom and the United States of America. The continuous and rapid improvement in our credit enabled us to float one sterling and four rupee loans. The rupee loan which we issued in May gave a yield to the investor of $5\frac{1}{2}$ per cent. ; the 4 per cent. 10-year bonds which we issued in January at a price of 98 gave a yield of less than $4\frac{1}{2}$ per cent. Twelve months ago it would have been unthinkable for us to have floated a loan with a maturity of more than a few years ; we are now concluding a successful re-issue of the 1960-70 4 per cent. loan giving a gross yield of approximately $4\frac{1}{2}$ per cent. In the last Budget we anticipated that we might be able to reduce the treasury bills held by the public to the extent of approximately $7\frac{1}{2}$ crores ; in reality we have reduced them by 19 $\frac{1}{2}$. We have also reduced the treasury bills in the currency reserve by 14 $\frac{1}{2}$ crores and replaced them by sterling securities. We estimated that we could discharge 26 $\frac{1}{2}$ crores of public debt during the year ; we have actually discharged more than 80. This means that, taking maturing loans, treasury bills and ways and means advances from the Imperial Bank together, during the year we have disposed of immediate liabilities to the extent of more than 123 crores. In addition, we have been able to cheapen money rates by progressive reductions in the yield of our treasury bills. Twelve months ago we were paying nearly 7 per cent. ; now we are paying less than 2. The yield of our post office cash certificates has been progressively reduced from 6 per cent. to $4\frac{1}{2}$ per cent., and we have realised 14.35 lakhs from cash certificates and deposits in post office savings banks as compared with the budget anticipation of 7 crores and an average of less than $5\frac{1}{2}$ crores for the five years 1926 to 1931.

22. For next year our capital programme has been framed on cautious lines. The railway capital outlay we are putting at 3.30 lakhs as compared with the budget estimate of 4.15 lakhs and a revised estimate of 81 lakhs for the current year. The loans to Provincial Governments we are putting at 4.24 lakhs. On this basis we should be able to effect a further reduction of 8 crores in our outstanding treasury bills and still have approximately 17 crores available to meet our maturing loan liabilities. We have framed our estimate for the receipts from post office cash certificates and savings bank deposits on conservative lines, budgetting for 840 lakhs as against the final estimate of 14.35 in the current year. We have done this because of the reduction of the yield to $4\frac{1}{2}$ per cent., but the investment habit in the country is now developing to such an extent that it is quite possible that this estimate may be substantially exceeded. Against these resources our actual maturing liabilities are not large. As regards our rupee loans we shall have to meet that portion of the 1929-47, 1933 and 1933-36 loans which remain unconverted after the closing of the present conversion issue. The final figures of that issue are not yet available, but those which have already come in show that we shall convert more than 32 crores. On that assumption we shall require to raise less than 2 crores to meet the balance. As regards sterling, we should require

to raise 8 crores in London to pay off the balance of the 6 per cent. loan which we have the option of repaying in June. These figures of course are merely to illustrate our position; they do not indicate our policy. We shall buy as much sterling as we can and fund as many of our loans as we can and use the proceeds to strengthen our reserves and our credit position generally.

23. We can now complete the picture of next year's Budget. As you will have gathered, we propose no material alterations in taxation. As regards customs, we have carefully considered, particularly with regard to the so-called luxury taxes, whether the point of diminishing returns has been reached, but we are satisfied that there is no class of ordinary imports where a reduction in the duty would increase the demand to such an extent as to produce an increase of revenue. We also regret that we are unable to make any alleviations in the emergency taxes on income. All we can say is that they will be removed as soon as possible, and that until they are removed all possible steps will be taken to curtail expenditure. Two minor alterations are being effected in the tariff, with regard to import duties on boots and shoes and artificial silk goods, with which I need not detain the House. We are also re-imposing the stamp duty on cheques with effect from the 1st July, 1933. The legislation will be central but the proceeds will be divided among the provinces as was the case before the tax was removed in July, 1927. The net result of these various adjustments is that we anticipate a revenue surplus of 42 lakhs as compared with an estimated surplus of 217 in the current year. This is undoubtedly small in view of the uncertainty of world conditions and prices, but it is based on the expectation of a continuance of present conditions without any improvement, and we do not consider that this is unduly optimistic.

24. I may summarise the position as follows :

Revenue.	Lakhs.	
	Better.	Worse.
<i>Customs.</i> —Reduction allowed for in imports of sugar and cotton piecegoods		104
<i>Income-tax.</i> —Increase due to removal of exemption from surcharge of Government servants	53	
<i>Salt.</i> —Reduction mainly due to temporary decrease in receipts on the termination of the credit system		163
<i>Opium</i> better	25	
<i>Finance heads</i> including temporary loss on account of funding of treasury bills at a lower rate of interest into loans at a somewhat higher rate		15
<i>Commercial departments</i> worse		11
<i>Miscellaneous.</i> —Reduction due to no provision for gain by exchange		45
(I might explain that this item is based on the assumption that all remittances will be effected at 1s. 6d. If we can secure better rates, we will regard the gain as a windfall.)		
<i>Expenditure.</i>		
Net reduction under civil and military heads, in spite of the partial restoration of pay	85	
Total betterness	163	338
Total worseness		
Net deterioration	175	

Net effect 42 lakhs surplus compared with 217 this year.

25. There is one feature in the Budget in which Members of this House have already shown an active interest. I refer, Sir, to the partial restoration of the cut in pay.

26. First let us examine its financial effects. We have already seen the effect on the railways in the Railway Budget. As regards the other Central Government civil services including the posts and telegraphs department, a restoration of the full cut in pay for 12 months would have cost 122 lakhs, and for the army 114 lakhs. As, however, March pay is paid on the 1st of April and as the 10 per cent. cut continues to apply to all pay earned up to March, 31, 1933, the recent decision of Government affects only 11 months pay in the next Budget and not 12. A 5 per cent. reduction for 11 months therefore means 55 lakhs on the civil side and 52½ lakhs on the army—a total of 108 lakhs. As against this the central budget will recover, as the result of the withdrawal of the exemption from income-tax surcharges and the tax on incomes below Rs. 2,000 from Government officials, a net increase in income-tax receipts of 53 lakhs. The net cost of the proposal to the Central Government is thus 55 lakhs.

27. This is not the whole picture. The income-tax made recoverable from railway officers by the present decision amounts to 14 lakhs. When we extended the full 10 per cent. cut to the railways we made the railway administration pay us this amount though it was not levying it from its officers, on the ground that, as they were a separate commercial department, there was no reason why we should in effect pay our income-tax to them. As this amount is now being raised from railway officers, it is obvious that it is now something which we are getting which we were not getting before, so that from the point of view of the taxpayer, taking the railway budget and the Government budget together, the net cost of the proposal to the Central Government is reduced to 41 lakhs.

28. There is, however, a set off which in certain circumstances we may have to make. When we made the cut last year and exempted Government officers from the surcharges on income-tax, one result was that Provincial Governments profited at the expense of the Central Government in respect of the income-tax which would have accrued to us if it had been levied from their officers. Now that this income-tax exemption has been removed, the proceeds accrue to us and this clearly is as it ought to be. It would be a most dangerous precedent to admit that the Central Government might have to give up the proceeds of taxation on the ground that they were borne by officers serving under Provincial Governments. At the same time, both the cut and the exemption from taxation were definite emergency measures, and it could be argued that so long as the cut persists even in part so long we must admit that this exceptional emergency continues, and that looking at the sequence of events Provincial Governments can be sympathised with if they ask that a certain amount of this should be returned to them. We estimate that the total amount involved will be about 36 lakhs. The Government of India desire to meet these considerations so far as they can and it has therefore been decided that if the financial results for this year make it possible proposals will be placed before the Legislature in due course to make special grants to those Provincial Governments which satisfy us that they are in unavoidable deficit, to compensate them for the emergency income-tax increases now to be levied for the first time on the salaries of such of their officers as are still subjected to a cut in pay. If therefore our budget estimates are realised, we hope to be in a position to make grants towards this object.

29. Before leaving this part of the question I would like to point out that the principal benefit of this partial restoration will be felt in the lower grades. Officers on the highest rates of pay benefit hardly at all from the present proposal ; in general it may be held that for officers earning Rs. 1,500 a month and over the surcharges mean a reduction of from $2\frac{1}{2}$ to nearly $4\frac{1}{2}$ per cent.

30. I have now explained to the House the effects of this partial restoration on Government's finances and on the officers themselves. I shall now proceed to explain our reasons for acting as we did. The whole question is being thoroughly examined in the speech of the Honourable Finance Member in the other House, and here I merely wish to state what we consider the root of the matter. The essential point is that when a general reduction of salaries was introduced as part of the emergency financial plan in September, 1931, its only justification was the existence of an exceptional emergency of extreme gravity ; the step was one which could only have been contemplated after the effects of all other measures had been exhausted. It was, as you will remember, a time when the British Government and we were faced with the momentous decision whether we could any longer adhere to a fixed gold standard, and it was obvious that taxation and retrenchment alone would not tide over the crisis. In a storm something has to be jettisoned to save the whole, and we were faced with the unpleasant task of deciding what it was to be. In face of a similar predicament some countries repudiated their debts either openly by a moratorium or indirectly by refusing to send the proceeds to the investors abroad. We refused to contemplate any measures of this sort, and I think that everybody will admit that we were right in doing so. But the fact that in preference to undertaking such measures of direct or indirect repudiation we decided that we could rely on the loyalty of our Government servants and call on them temporarily to forego rights which really fall in the same class as the obligations which I have just mentioned, does not mean that we under-estimated the gravity of the step which we were taking and still less that we were admitting as a principle that the pay of Government servants was optional expenditure which could be raised or lowered each year in the same way as taxation. That the position of Government may be quite clear in this matter I venture to repeat what the Honourable Finance Member said when introducing the original proposals in September, 1931. The first condition was that

“the cut should be of a temporary nature not extending beyond the needs of the present exceptional emergency. Its justification is in the need for common sacrifice in a national emergency”,
and then

“it is perhaps forecasting events too much to say in what order restoration should be made, but there are certain principles which we consider must be observed. Relief must come first in restoring the emergency cuts in pay, and secondly in taking off the surcharges on income-tax now to be imposed”.

31. I have now placed before the House the main features of the Budget, and though it is not altogether a pleasant Budget, it seems impossible for the Finance Department of this or any other government to be pleasant if it is to be honest in the world of today. Though I am confident that eventually the commonsense of the world will find a way out of the present difficulties, and though I feel that the troubles from which we are suffering can be regarded more truly as the growing pains of a new order of things than the agony of a dying civilization, we have to be practical, and the only practical course is to avoid easy optimism and to be prepared for a continuance of present conditions or some time longer still. On the other hand, there are strong reasons for

optimism as to the eventual outcome; India's power of resistance to the world depression has been extraordinary, and even more encouraging has been the strong commonsense of the Indian people in overcoming a fetish worship of gold and turning their gold reserves to profit when they were most needed. In this respect India has proved itself to be in advance of many countries which pride themselves on the modernity of their outlook. I am also convinced that when the tide turns, as turn it must, India's position is so inherently sound that she will be among the first to profit by it. Above all, we have the satisfaction of being able to present you with what is almost unique in the world today—an honestly balanced budget and one which looks like staying balanced.

Details of voted and non-voted amounts included in the Demands for Grants for expenditure of the Central Government (Excluding Railways) for the year 1933-34.

Number of demand.	Service, Administration or Area to which demand relates.	Head of Account.	Amount.		
			Voted.	Non-voted.	Total.
			Rs	Rs.	Rs.
	A.—Expenditure charged to Revenue.				
16	Customs	Customs	63,75,000	32,48,000	96,23,000
17	Taxes on Income	Taxes on Income	81,24,000	2,36,000	83,60,000
18	Salt	Salt	72,03,000	44,10,000	1,16,13,000
19	Opium	Opium	55,87,000	1,49,000	57,36,000
10A	Excise	Excise	4,68,000	2,32,000	6,90,000
20	Stamps	Stamps	16,43,000	65,000	17,08,000
21	Forest	Forest	5,11,000	1,50,000	6,61,000
22	Irrigation (including Working Expenses), Navigation, Embankment and Drainage Works.	Works for which capital accounts are kept, Miscellaneous Irrigation Expenditure, Construction of Irrigation, etc., Works.	8,24,000	3,29,000	6,58,000
23	Indian Posts and Telegraphs Department (including Working Expenses).	Posts and Telegraphs.	10,44,09,000	1,02,36,000	11,46,45,000
25	Interest on Debt and Reduction or Avoidance of Debt.	Interest on Ordinary Debt.	2,14,88,000	5,89,75,000	8,04,63,000
26	Interest on Miscellaneous Obligations.	Interest on other Obligations.	50,42,000	9,12,31,000	9,02,73,000
27	Staff, Household and allowances of the Governor General.	General Administration.	4,36,000	9,63,000	13,99,000
28	Executive Council		77,000	4,48,000	5,25,000
29	Council of State		1,04,000	8,000	1,12,000
30	Legislative Assembly and Legislative Assembly Department.		6,92,000	78,000	7,70,000
31	Foreign and Political Department.		7,63,000	1,99,000	9,62,000
32	Home Department		5,70,000	7,75,000	13,45,000
33	Public Service Commission		1,51,000	2,01,000	3,52,000
34	Legislative Department		8,04,000	1,91,000	4,95,000
35	Department of Education, Health and Lands.		5,43,000	1,63,000	7,06,000
36	Finance Department		9,32,000	2,17,000	11,49,000
38	Commerce Department		8,51,000	1,02,000	4,53,000
39	Army Department		4,09,000	97,000	5,06,000
40	Department of Industries and Labour.		4,69,000	1,17,000	5,86,000
41	Central Board of Revenue	Audit.	1,71,000	95,000	2,66,000
42	Payments to Provincial Governments on account of Administration of Agency subjects.		1,54,000	1,33,000	2,87,000
43	Audit		88,52,000	8,94,000	97,46,000
44	Administration of Justice		58,000	..	58,000
45	Police		1,88,000	2,000	1,90,000
46	Ports and Pilotage		10,78,000	9,56,000	20,34,000
47	Lighthouses and Lightships		10,19,000	20,000	10,39,000
48	Survey of India		15,24,000	5,36,000	20,60,000
49	Meteorology		17,09,000	86,000	17,95,000
50	Geological Survey		1,78,000	2,13,000	3,88,000
51	Botanical Survey	Scientific Departments.	1,34,000	30,000	1,64,000
52	Zoological Survey		83,000	46,000	1,29,000
53	Archæology		9,08,000	1,27,000	10,35,000
54	Mines		1,20,000	1,10,000	2,30,000
55	Other Scientific Departments.		2,66,000	..	2,66,000
	Carried over		18,84,12,000	17,00,68,000	85,04,70,000

Details of voted and non-voted amounts included in the Demands for Grants for expenditure of the Central Government (Excluding Railways) for the year 1933-34—*contd.*

Number of Demand.	Service, Administration or Area to which demand relates.	Head of Account.	Amount.		
			Voted.	Non-voted.	Total.
			Rs.	Rs.	Rs.
		Brought forward	18,34,12,000	17,60,53,000	35,94,70,000
	A.—Expenditure charged to Revenue—<i>contd.</i>				
56	Education	Education	5,84,000	31,000	6,15,000
57	Medical Services	Medical	6,17,000	2,13,000	8,30,000
58	Public Health	Public Health	6,58,000	1,86,000	8,44,000
59	Agriculture	Agriculture	9,15,000	1,56,000	10,71,000
60	Imperial Council of Agricultural Research Department.	Do. . . .	3,08,000	67,000	3,75,000
61	Civil Veterinary Services	Do. . . .	5,78,000	78,000	6,56,000
62	Industries	Industries	1,80,000	2,000	1,82,000
63	Aviation	Aviation	9,63,000		9,63,000
64	Commercial Intelligence and Statistics	Miscellaneous Departments.	4,63,000	53,000	5,16,000
65	Census	Do. . . .	78,000	30,000	1,08,000
66	Emigration—Internal	Do. . . .	25,000	4,000	29,000
67	External	Do. . . .	1,89,000	55,000	2,44,000
68	Joint Stock Companies	Do. . . .	1,15,000	16,000	1,31,000
69	Miscellaneous Departments	Do. . . .	5,37,000	59,000	5,96,000
70	Indian Stores Department.	Indian Stores Department.	4,67,000	1,33,000	6,00,000
71	Currency	Currency	43,39,000	1,72,000	45,11,000
72	Mint	Mint	17,68,000	88,000	18,56,000
73	Civil Works	Civil Works	1,82,33,000	11,59,000	1,93,92,000
74	Superannuation Allowances and Pensions.	Superannuation Allowances and Pensions.	75,27,000	2,07,35,000	2,82,62,000
75	Stationery and Printing	Stationery and Printing.	35,22,000	64,000	35,86,000
76	Miscellaneous	Miscellaneous	6,10,000	26,62,000	32,72,000
76A	Expenditure on retrenched personnel charged to revenue.	Extraordinary charges.	6,45,000	2,29,000	8,74,000
76B	Miscellaneous Adjustments between the Central and Provincial Governments.	Miscellaneous Adjustments between the Central and Provincial Governments.	..	1,00,00,000	1,00,00,000
77	Refunds	Distributed over respective heads of account.	93,25,000	2,24,71,000	3,17,96,000
79	Baluchistan		27,25,000	43,08,000	70,33,000
80	Delhi		42,25,000	2,70,000	44,95,000
81	Ajmer-Merwara		13,67,000	1,10,000	14,77,000
82	Andamans and Nicobar Islands.		31,60,000	2,27,000	33,87,000
83	Rajputana		4,26,000	7,23,000	11,54,000
84	Central India		3,43,000	6,19,000	9,62,000
85	Hyderabad		2,63,000	6,68,000	9,31,000
85A	Aden		7,05,000	1,79,000	8,84,000
86	Expenditure in England—Secretary of State for India.		22,09,000	17,41,000	39,50,000
87	Expenditure in England—High Commissioner for India.	..	24,57,000	37,63,000	62,20,000
	TOTAL (Carried over) .		25,39,11,000	24,72,39,000	50,11,50,000

BUDGET FOR 1933-34.

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Details of voted and non-voted amounts included in the Demands for Grants for expenditure of the Central Government (Excluding Railways) for the year 1933-34—*concd.*

Number of Demand.	Service, Administration or Area to which demand relates.	Head of Account.	Amount.		
			Voted.	Non-voted.	Total.
			Rs.	Rs.	Rs.
		Brought forward.	25,30,11,000	24,72,39,000	50,11,50,000
Non-voted	A.—Expenditure charged to Revenue—<i>concd.</i>				
	Ecclesiastical	Ecclesiastical	..	27,37,000	27,37,000
	Political	Political	..	1,03,51,000	1,03,51,000
	Frontier Watch and Ward	Frontier Watch and Ward	..	1,91,72,000	1,91,72,000
	Territorial and Political Pensions. Bangalore	Territorial and Political Pensions Distributed over respective heads of account. {	..	30,90,000	30,90,000
	Western India States Agency	Defence Services	..	14,47,000	14,47,000
	Defence Services		..	14,95,000	14,95,000
			..	50,51,67,000	50,51,67,000
	TOTAL		25,30,11,000	79,06,98,000	1,04,40,09,000
	B.—Expenditure charged to Capital.				
88	Capital outlay on Security Printing.	Capital outlay on Security Printing Press.	1,000	..	1,000
89	Forest Capital outlay	Capital outlay on Forests.	1,000	..	1,000
90	Irrigation	Construction of Irrigation Works.	1,000	..	1,000
91	Indian Posts and Telegraphs	Capital outlay on Posts and Telegraphs.	15,78,000	2,000	15,80,000
93	Capital outlay on Currency Note Press.	Currency Capital outlay not charged to Revenue.	1,000	..	1,000
94	Capital outlay on Vizagapatam Harbour.	Capital outlay on Vizagapatam Port.	32,14,000	17,66,000	49,80,000
95	Capital outlay on Lighthouses and Lightships.	Capital outlay on Lighthouses and Lightships.	1,000	..	1,000
96	Commuted value of Pensions	Payment of Commuted Value of Pensions.	85,51,000	25,14,000	60,65,000
96A	Expenditure on retrenched personnel charged to capital.	Payments to retrenched personnel.	1,000	..	1,000
	TOTAL		83,49,000	42,82,000	1,26,31,000
	C.—Disbursements of Loans and Advances.				
98	Interest-free advances	..	64,53,000	..	64,53,000
99	Loans and advances bearing interest.	..	5,88,37,000	..	5,88,37,000
	TOTAL		6,02,90,000	..	6,02,90,000
	GRAND TOTAL		32,25,50,000	79,49,80,000	1,11,75,30,000

(a) This figure is arrived at from the Budget Statement as follows:—

As per Statement B of the Budget Statement	Rs.
Add—Working Expenses—	1,24,10,66,000
Posts and Telegraphs	10,50,93,000
Irrigation	1,80,000
Refunds	8,22,20,000
	1,37,85,54,000
Deduct—Railway Expenditure	33,39,45,000
	1,04,40,09,000

BUDGET FOR 1933-34.

GOVERNMENT OF INDIA.

LEGISLATIVE DEPARTMENT.

The following Act* of the Indian Legislature received the assent of the Governor General on the 31st March, 1933, and is hereby promulgated for general information :—

ACT No. VII of 1933.

An Act to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary certain duties leviable under the Indian Tariff Act, 1894, to fix maximum rates of postage under the Indian Post Office Act, 1898, to fix rates of income-tax and super-tax, and further to amend the Indian Paper Currency Act, 1923.

VIII of 1894. WHEREAS it is expedient to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary certain duties leviable under the Indian Tariff Act, 1894, to fix maximum rates of postage VI of 1898. under the Indian Post Office Act, 1898, to fix rates of income-tax and super-tax, and further to amend the Indian Paper Currency Act, 1923; It is X of 1923. hereby enacted as follows :—

Short title and extent. 1. (1) This Act may be called the Indian Finance Act, 1933.

(2) It extends to the whole of British India, including British Baluchistan and the Sonthal Parganas.

XII of 1882. 2. The provisions of section 7 of the Indian Salt Act, 1882, shall, in so far as they enable the Governor General in Council to impose by rule made under that section a duty on salt manufactured in, or imported into, any part of British India other than Burma or Aden, be construed as if, for the year beginning on the 1st day of April, 1933, they imposed such duty at the rate of one rupee and four annas per maund of eighty-two and two-sevenths pounds avoirdupois of salt manufactured in, or imported by land into, any such part, and such duty shall, for all the purposes of the said Act, be deemed to have been imposed by rule made under that section.

VIII of 1894. Amendment of Schedule II to Act VIII of 1894. 3. (1) In the Second Schedule to the Indian Tariff Act, 1894,—

(a) after Item No. 41B the following item shall be inserted, namely :—

“ 41C	UPPERS for boots and shoes unless entirely made of leather.	Ad valorem .	20 per cent. or two annas per pair, whichever is higher.” ;
-------	---	--------------	---

(b) after Item No. 44 the following item shall be inserted, namely :—

“ 45	ARTIFICIAL SILK PIECE-GOODS other than fents of not more than nine yards in length.	Ad valorem .	50 per cent. or four annas per square yard, whichever is higher.” ;
------	---	--------------	---

*The Indian Finance Bill, 1933, was passed in this form by the Legislative Assembly on the 28th March, 1933, and by the Council of State on the 31st idem.

(c) in Item No. 45A,—

(i) for the entries in the fourth column against sub-items (a) and (b), the following shall be substituted, namely :—

“ 35 per cent. or two annas and three pies per square yard, whichever is higher.”,

(ii) for the entry in the fourth column against sub-item (c), the following shall be substituted, namely :—

“ 35 per cent.”, and

(iii) after sub-item (c) the following proviso shall be inserted in the second column, namely :—

“ Provided that the duty on fents of not more than nine yards in length of fabrics specified in sub-items (a) and (b) shall be 35 per cent. *ad valorem*.”; and

(d) for Item No. 133, the following item shall be substituted, namely :—

“ 133 | MANUFACTURES of silk or artificial silk not otherwise specified.”

(2) Notwithstanding anything contained in section 4 of the Indian Finance Act, 1931, or in section 4 of the Indian Finance (Supplementary and Extending) Act, 1931, the additional duties imposed by those sections shall not be levied on any articles chargeable with duty under Item No. 45 or No. 45-A of the Second Schedule to the Indian Tariff Act, 1894, as amended by this section. VIII of 1894.

4. For the year beginning on the 1st day of April, 1933, the Schedule Inland postage rates. contained in the First Schedule to this Act shall be inserted in the Indian Post Office Act, 1898, as VI of 1898. the First Schedule to that Act.

5. (1) Income-tax for the year beginning on the 1st day of April, 1933, shall be charged at the rates specified in Part I of the Second Schedule, increased in each case, except Income-tax and super-tax. in the case of total incomes of less than two thousand rupees, by one-fourth of the amount of the rate.

(2) The rates of super-tax for the year beginning on the 1st day of April, 1933, shall, for the purposes of section 55 of the Indian Income-tax Act, 1922, XI of 1922. be those specified in Part II of the Second Schedule, increased in each case by one-fourth of the amount of the rate.

(3) For the purposes of the Second Schedule “total income” means total income as determined for the purposes of income-tax or super-tax, as the case may be, in accordance with the provisions of the Indian Income-tax Act, 1922.

XI of 1922.

(4) For the purpose of assessing and collecting income-tax on total incomes of less than two thousand rupees the Indian Income-tax Act, 1922, shall be deemed to be subject to the adaptations set out in Part III of the Second Schedule. XI of 1922.

6. In sub-section (7) of section 19 of the Indian Paper Currency Act, 1923, for the figures “1933” the figures “1934” shall be substituted. X of 1923.

Amendment of section 19, Act X of 1923.

BUDGET FOR 1933-34.

SCHEDULE I.

Schedule to be inserted in the Indian Post Office Act, 1898.

[See section 4.]

"THE FIRST SCHEDULE.

INLAND POSTAGE RATES.

[See section 7.]

Letters.

For a weight not exceeding two and a half tolas	One anna and three pies.
---	--------------------------

For every two and a half tolas, or fraction thereof, exceeding two and a half tolas	One anna and three pies
---	-------------------------

Postcards.

Single	Nine pies.
------------------	------------

Reply	One and a half annas.
-----------------	-----------------------

Book, Pattern and Sample Packets.

For every five tolas or fraction thereof	Half an anna.
--	---------------

Registered Newspapers.

For a weight not exceeding eight tolas	Quarter of an anna.
--	---------------------

For a weight exceeding eight tolas and not exceeding twenty tolas	Half an anna.
---	---------------

For every twenty tolas, or fraction thereof, exceeding twenty tolas	Half an anna.
---	---------------

Parcels.

For a weight not exceeding twenty tolas	Two annas.
---	------------

For a weight exceeding twenty tolas and not exceeding forty tolas	Four annas.
---	-------------

For every forty tolas, or fraction thereof, exceeding forty tolas	Four annas.
---	-------------

SCHEDULE II.

[See section 5.]

PART I.

Rules of Income-tax.

A. In the case of every individual, Hindu undivided family, unregistered firm and other association of individuals not being a registered firm or a company—

Rate.

- (1) When the total income is Rs. 1,000 or upwards but is less than Rs. 1,500

Two pies in the rupee: (Provided that for the purpose of any assessment to be made for the year ending 31st March, 1934, the rate of income-tax applicable to such part of the total income of an assessee as is derived from salaries or from interest on securities paid in the financial year 1932-33 shall be four pies in the rupee, and for the purposes of refunds under sub-section (1) or sub-section (3) of section 48 in respect of dividends declared in the year ending 31st March, 1933, or of payments made in the said year of interest on securities or salaries, the rate applicable to the total income of the person claiming refund shall be at the rate of four pies.)

	Rate.
(2) When the total income is Rs. 1,500 or upwards, but is less than Rs. 2,000.	Four pies in the rupee.
(3) When the total income is Rs. 2,000 or upwards, but is less than Rs. 5,000.	Six pies in the rupee.
(4) When the total income is Rs. 5,000 or upwards, but is less than Rs. 10,000.	Nine pies in the rupee.
(5) When the total income is Rs. 10,000 or upwards, but is less than Rs. 15,000.	One anna in the rupee.
(6) When the total income is Rs. 15,000 or upwards, but is less than Rs. 20,000.	One anna and four pies in the rupee.
(7) When the total income is Rs. 20,000 or upwards, but is less than Rs. 30,000.	One anna and seven pies in the rupee.
(8) When the total income is Rs. 30,000 or upwards, but is less than Rs. 40,000.	One anna and eleven pies in the rupee.
(9) When the total income is Rs. 40,000 or upwards, but is less than Rs. 1,00,000.	Two annas and one pie in the rupee.
(10) When the total income is Rs. 1,00,000 or upwards	Two annas and two pies in the rupee.
B. In the case of every company and registered firm, whatever its total income.	Two annas and two pies in the rupee.

PART II.

Rates of Super-tax.

In respect of the excess over thirty thousand rupees of total income—

	Rate.
(1) in the case of every company—	
(a) in respect of the first twenty thousand rupees of such excess	Nil.
(b) for every rupee of the remainder of such excess	One anna in the rupee.
(2) (a) in the case of every Hindu undivided family—	
(i) in respect of the first forty-five thousand rupees of such excess.	Nil.
(ii) for every rupee of the next twenty-five thousand rupees of such excess.	One anna and three pies in the rupee.
(b) in the case of every individual, unregistered firm and other association of individuals not being a registered firm or a company—	
(i) for every rupee of the first twenty thousand rupees of such excess.	Nine pies in the rupee.
(ii) for every rupee of the next fifty thousand rupees of such excess	One anna and three pies in the rupee.
(c) in the case of every individual, Hindu undivided family, unregistered firm and other association of individuals not being a registered firm or a company—	
(i) for every rupee of the next fifty thousand rupees of such excess	One anna and nine pies in the rupee.
(ii) for every rupee of the next fifty thousand rupees of such excess	Two annas and three pies in the rupee.

	Rate.
(iii) for every rupee of the next fifty thousand rupees of such excess	Two annas and nine pies in the rupee.
(iv) for every rupee of the next fifty thousand rupees of such excess	Three annas and three pies in the rupee.
(v) for every rupee of the next fifty thousand rupees of such excess	Three annas and nine pies in the rupees.
(vi) for every rupee of the next fifty thousand rupees of such excess	Four annas and three pies in the rupee.
(vii) for every rupee of the next fifty thousand rupees of such excess	Four annas and nine pies in the rupee.
(viii) for every rupee of the next fifty thousand rupees of such excess.	Five annas and three pies in the rupee.
(ix) for every rupee of the next fifty thousand rupees of such excess	Five annas and nine pies in the rupee.
(x) for every rupee of the remainder of such excess	Six annas and three pies in the rupee.

PART III.

Adaptations of the Indian Income-tax Act, 1922, to provide for the summary assessments of income-tax on total incomes of less than Rs. 2,000.

1. The Income-tax Officer may, save where he has served a notice under sub-section (2) of section 22 of the Indian Income-tax Act, 1922, make a summary assessment of the income of an assessee to the best of his judgment, and shall serve on the assessee a notice of demand in a form to be prescribed by the Central Board of Revenue; and such notice shall be deemed to be notice of demand under section 29 of that Act.

2. Any assessee in respect of whom such summary assessment has been made may, within thirty days of receipt of the notice of demand, make an application to the Income-tax Officer for the cancellation or revision of the assessment, and the Income-tax Officer shall, after examining any accounts and documents and hearing any evidence which the assessee may produce, and such other evidence as the Income-tax Officer may require, determine, by order in writing, the amount of the tax, if any, payable by the assessee, and such determination shall be final:

Provided that, if any assessee making such application files therewith a return of his income under sub-section (2) of section 22 of the Indian Income-tax Act, 1922, the application shall be deemed to be a return under that sub-section and shall be dealt with accordingly.

3. A copy of an order under paragraph 2 shall be served on the assessee to whom it relates and shall be deemed to be a notice of demand under section 29 of the Indian Income-tax Act, 1922.

4. The above procedure shall apply also to the assessment and collection during the financial year 1933-34 of incomes of Rs. 1,000 and upward and less than Rs. 2,000 which have escaped assessment in the financial year 1932-33.

BUDGET FOR 1933-34.

No. 2181-B.

GOVERNMENT OF INDIA.

FINANCE DEPARTMENT.

New Delhi, the 5th April 1933.

RESOLUTION.

The statements relating to the Revised estimates for 1932-33 and the Budget estimates for 1933-34, which were presented to the Legislative Assembly on the 9th and the 28th February 1933, have been reconsidered with reference to the reduction made by the Legislative Assembly in the Demands for Grants and the course of legislation since the latter date. The revised statements are now published as usual for general information.

2. The reduction made by the Legislative Assembly in the Demands presented to them consisted of a token cut of Re. 1 in Demand No. 39—Army Department. This has been accepted so far as the demands are concerned. This does not, however, affect the figures in these statements which are in round thousands of rupees.

3. The Indian Finance Act, 1933, as passed by the Legislature involves a reduction of Rs. 17 lakhs in the income-tax revenue for the year 1933-34 as previously forecasted. This reduction, which has been taken into account in these statements, has the effect of reducing the estimated revenue surplus from Rs. 41,61,000 to Rs. 24,61,000. It has not been considered necessary at this stage to make any alteration in the estimates for the other changes in the Finance Bill as presented to the Legislature, as their effect on the revenue position of the Central Government will be inappreciable.

J. B. TAYLOR,

Offg. Secretary to the Government of India.

BUDGET

of the

Governor-General in Council,

April 1933.

FINANCE DEPARTMENT ;
New Delhi, the 5th April 1933. }

J. B. TAYLOR,
Secretary to the Govt. of India.

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BUDGET FOR 1933-34.

I.—General Statement of the Revenue and Expenditure charged to

	For details, <i>vide</i> State- ment,	Accounts, 1931-32.	Budget Estimate, 1932-33.	Revised Estimate, 1932-33.	Budget Estimate, 1933-34.
		Rs.	Rs.	Rs.	Rs.
Revenue—					
Principal Heads of Revenue—					
Customs	A	46,43,08,536	52,31,27,000	52,28,55,000	51,24,60,000
Taxes on Income	"	17,48,73,074	18,73,38,000	17,70,00,000	18,06,00,000
Salt	"	8,57,92,298	9,43,40,000	10,38,00,000	8,75,00,000
Opium	"	3,07,41,533	1,32,63,000	94,62,000	1,20,05,000
Other Heads	"	2,19,24,850	1,79,39,000	1,00,74,000	1,69,93,000
TOTAL PRINCIPAL HEADS		76,76,97,761	83,60,07,000	83,32,21,000	81,15,58,000
Railways : Net Receipts (as per Rail- way Budget)	A	33,61,55,708	34,18,44,000	33,40,00,000	33,39,46,000
Irrigation : Net Receipts	"	1,70,401	1,50,000	1,67,000	—14,000
Posts and Telegraphs : Net Receipts	"	—10,33,607	78,00,000	33,85,000	30,41,000
Interest Receipts	"	2,40,94,983	1,80,12,000	1,82,67,000	1,62,00,000
Civil Administration	"	94,44,523	90,11,000	90,52,000	83,62,000
Currency and Mint	"	1,78,61,705	3,31,17,000	2,40,75,000	1,74,08,000
Civil Works	"	24,51,745	20,79,000	20,93,000	21,55,000
Miscellaneous	"	1,50,01,013	60,87,000	93,17,000	57,34,000
Defence Receipts	"	4,12,74,220	4,17,88,000	3,84,78,000	4,31,07,000
Provincial Contributions and miscel- laneous adjustments between Central and Provincial Governments	"	...	...	...	...
Extraordinary Items	"	21,48,213	23,01,000	1,70,000	...
TOTAL REVENUE		1,21,64,06,714	1,20,00,29,000	1,27,13,03,000	1,24,35,15,000
Debit		11,74,73,377	...	...	...
TOTAL		1,33,30,38,091	1,29,01,29,000	1,27,13,03,000	1,24,35,15,000

BUDGET FOR 1933-34.

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Revenue of the Central Government, in India and in England.

	For details, vide State- ment.	Accounts, 1931-32.	Budget Estimate, 1932-33.	Revised Estimate, 1932-33.	Budget Estimate, 1933-34.
		Rs.	Rs.	Rs.	Rs.
Expenditure—					
Direct Demands on the Revenue	B	4,17,59,125	4,16,04,000	4,28,02,000	4,16,94,000
Forest and other Capital outlay charged to Revenue	"	66,241	3,16,000	2,83,000	2,34,000
Railways: Interest and Miscellaneous Charges (as per Railway Budget)	"	33,61,55,703	34,13,44,000	33,40,56,000	33,30,45,000
Irrigation	"	31,51,572	4,32,000	5,38,000	4,74,000
Posts and Telegraphs	"	25,37,202	1,01,25,000	88,26,000	91,22,000
Debt Services	"	19,72,39,364	19,92,35,000	19,13,97,000	17,67,36,000
Civil Administration	"	12,17,55,032	9,64,93,000	9,68,02,000	9,59,22,000
Currency and Mint	"	76,09,373	70,02,000	69,04,000	64,19,000
Civil Works	"	2,20,77,703	1,94,19,000	1,83,76,000	1,93,92,000
Miscellaneous	"	4,34,15,290	4,00,09,000	4,24,45,000	4,11,76,000
Defence Services	"	55,68,74,220	50,91,00,000	50,58,78,000	50,51,67,000
Miscellaneous adjustments between the Central and Provincial Govern- ments	"	...	1,02,00,000	96,35,000	1,00,00,000
Extraordinary Items	"	2,98,111	32,10,000	15,62,000	8,74,000
TOTAL EXPENDITURE CHARGED TO REVENUE		1,38,36,38,091	1,27,81,45,000	1,24,90,28,000	1,24,10,65,000
SURPLUS		...	2,14,84,000	3,16,80,000	24,01,000
TOTAL		1,38,36,38,091	1,29,96,29,000	1,27,18,08,000	1,24,35,16,000

II.—General Statement of the Receipts and Disbursements of the

	For details, vide State- ment.	RECEIPTS.			
		Accounts, 1931-32.	Budget Estimate, 1932-33.	Revised Estimate, 1932-33.	Budget Estimate, 1933-34.
		Rs.	Rs.	Rs.	Rs.
Surplus		—	2,14,84,000	2,16,80,000	24,61,000
Railway Capital not charged to revenue—					
Capital contributed by Railway Com- panies and Indian States towards outlay on State Railways (as per Railway Budget)	0	...	...	1,03,04,000	...
Debt, Deposits and Advances—					
Permanent Debt (net incurred)	"	...	...	24,48,08,000	...
Floating Debt (net incurred)	"	40,08,75,548	49,30,000	...	...
Unfunded Debt (net incurred)	"	10,18,68,164	11,71,03,000	18,02,39,000	13,36,43,000
Deposits and Advances (net)	"	...	6,73,02,000	4,44,50,000	8,35,58,000
Railway Depreciation and Reserve Funds as per Railway Budget (net)	"	...	51,21,000	...	2,68,000
TOTAL DEBT, DEPOSITS, AND AD- VANCES.	...	50,21,63,712	19,44,46,000	48,94,97,000	21,64,67,000
Remittances (net)	C	...	4,37,000	...	1,21,000
Balances of Provincial Govern- ments (net)	"	...	1,02,68,000	2,51,00,000	...
TOTAL RECEIPTS	"	50,21,63,712	32,66,35,000	62,65,61,000	21,90,69,000
Opening Balance {	India	17,28,28,746	10,18,90,746	12,69,10,744	11,73,19,744
	England	7,40,43,767	14,71,59,767	21,15,32,561	17,84,93,561
TOTAL	"	74,00,61,245	47,58,86,533	86,50,24,305	51,48,82,305

BUDGET FOR 1933-34.

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Central Government, in India and in England.

	For details, vide Statement.	DISBURSEMENTS.			
		Accounts, 1931-32.	Budget Estimate, 1932-33.	Revised Estimate, 1932-33.	Budget Estimate, 1932-34.
		Rs.	Rs.	Rs.	Rs.
Deficit		11,74,73,277	...	...	...
Railway, Irrigation, Posts and Telegraphs and other Capital outlay not charged to Revenue—					
Capital outlay on Security Printing Press	C	—3,81,691	4,000	4,000	—1,11,000
Construction of State Railways (as per Railway Budget)	"	6,09,00,251	4,15,00,000	1,40,00,000	3,30,00,000
Discharge of Debentures (as per Railway Budget)	"	6,63,212	...	44,32,000	...
Construction of Irrigation, etc., Works	"	8,740	...	...	...
Capital outlay on Posts and Telegraphs	"	87,91,676	23,15,000	19,08,000	15,80,000
Capital outlay on Vizagapatam Port	"	86,48,567	55,55,000	54,00,000	49,80,000
Capital outlay on Light-houses and Light-ships	"	...	...	...	...
Currency Capital outlay	"	—5,843	4,000	1,000	—78,000
Initial expenditure on New Capital at Delhi	"	14,60,663	...	...	...
Payment of commuted value of pensions	"	42,31,942	40,55,000	65,76,000	60,65,000
Payments to Retrenched Personnel	"	1,45,487	25,00,000	12,41,000	—1,27,000
TOTAL CAPITAL ACCOUNT DISBURSEMENTS	...	8,54,02,710	5,65,33,000	3,30,20,000	4,53,09,000
Debt, Deposits and Advances—					
Permanent Debt (net discharged)	C	47,38,695	12,06,19,000	...	17,08,55,000
Floating Debt (net discharged)	"	...	...	43,41,75,000	3,07,00,000
Deposits and Advances (net)	"	4,83,81,493	...	...	...
Railway Depreciation and Reserve Funds as per Railway Budget (net)	"	...	...	1,19,16,000	...
TOTAL DEBT, DEPOSITS AND ADVANCES	...	5,31,50,187	12,06,19,000	44,60,91,000	25,08,55,000
Loans and Advances by the Central Government (net Advances)	C	12,63,47,545	11,90,06,000	8,91,47,000	3,71,73,000
Remittances (net)	"	1,22,08,651	...	3,53,000	..
Balances of Provincial Governments (net)	"	1,50,67,670	...	...	40,00,000
TOTAL DISBURSEMENTS	...	41,06,07,940	29,62,48,000	56,92,11,000	33,80,30,000
Closing Balance { India	...	12,69,10,744	11,36,83,746	11,73,19,744	11,12,30,744
England	...	21,15,32,561	6,57,53,757	17,64,93,561	5,50,15,561
TOTAL	...	74,90,51,245	47,56,55,533	60,50,24,205	51,48,83,306

BUDGET FOR 1933-34.

A.—Statement of the Revenue of the Central

HEADS OF REVENUE.	ACCOUNTS, 1931-32.				REVISED ESTIMATE,		Item No.
	India.	England.	Exchange.	TOTAL.	India.	England.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Principal Heads of Revenue—							
I.—Customs	44,43,66,526	...	...	44,43,66,526	52,28,55,000	...	1
II.—Taxes on Income	17,48,73,074	50	...	17,48,73,074	17,70,00,000	...	2
III.—Salt	8,57,01,298	...	...	8,57,02,298	10,38,00,000	...	3
IV.—Opium	2,07,41,533	...	...	2,07,41,533	94,02,000	...	4
V.—Land Revenue	33,03,942	...	...	33,03,933	17,03,000	...	5
VI.—Excise	51,17,102	...	...	51,17,102	42,61,000	...	6
VII.—Stamps	23,54,720	8,016	105	23,62,850	36,02,000	...	7
VIII.—Forest	24,06,858	2,650	28	24,09,536	17,31,000	...	8
IX.—Registration	1,52,197	...	...	1,52,197	95,000	...	9
X.—Payments from Indian States	84,58,733	...	...	84,58,733	75,62,000	...	10
TOTAL	76,76,86,932	10,716	133	76,76,97,781	83,32,21,000	...	11
Irrigation, etc.—							
XIII.—Works for which Capital accounts are kept—Gross Receipts	22,28,183	..	...	22,28,183	1,68,000	...	12
Deduct—Working Expenses	9,54,212	...	...	9,54,212	1,22,000	...	13
Net Receipts	12,73,971	...	...	12,73,971	4,000	...	14
XIV.—Works for which no Capital Accounts are kept	4,800	685	—4	5,400	1,63,000	...	15
TOTAL	12,78,780	685	—4	12,79,481	1,67,000	...	16
Posts and Telegraphs—							
XV.—Posts and Telegraphs—Indian Posts and Telegraphs Department—Gross Receipts	10,04,50,803	...	...	10,04,50,803	10,56,88,000	...	17
Deduct—Working Expenses	10,71,40,421	9,49,138	4,061	10,80,93,660	10,11,35,000	11,99,000	18
Net Receipts	—6,50,558	—9,40,138	—4,001	—16,33,607	45,53,000	—11,92,000	19
Indo-European Telegraph Department—Gross Receipts	...	...	...	...	...	...	20
Deduct—Working Expenses	...	...	...	...	...	...	21
Net Receipts	...	...	...	...	...	...	22
TOTAL	—6,50,558	—9,40,138	—4,001	—16,33,607	45,53,000	—11,92,000	23
Debt Services—							
XVI.—Interest	1,17,23,453	1,24,54,080	—83,150	2,40,04,983	99,82,000	83,14,000	24
Carried over	78,00,08,006	1,15,10,943	—87,022	79,14,38,527	81,00,23,000	71,22,000	25

* Sterling converted into

BUDGET FOR 1933-34.

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Government, in India and in England.

1932-33.			Increase (+) Decrease (-) as compared with Budget, 1932-33.	BUDGET ESTIMATE, 1933-34.				Increase (+) Decrease (-) as compared with Revised, 1932-33.
Item No.	Exchange.	TOTAL.		India.	England.	Exchange.	TOTAL.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	...	51,28,55,000	-2,73,000	51,24,00,000	...	...	51,24,00,000	-1,03,95,000
2	...	17,70,00,000	-1,03,38,000	18,00,00,000	...	...	18,00,00,000	+36,00,000
3	...	10,38,00,000	+94,00,000	8,75,00,000	...	...	8,75,00,000	-1,64,00,000
4	...	94,9,000	-37,71,000	1,00,00,000	...	...	1,20,00,000	+26,13,000
5	...	17,61,000	+3,05,000	17,09,000	...	...	17,69,000	+30,000
6	...	42,61,000	+3,94,000	43,87,000	...	...	43,87,000	-24,000
7	...	36,62,000	+3,61,000	37,07,000	...	...	37,07,000	+1,55,000
8	...	17,31,000	-58,000	16,90,000	...	...	16,90,000	-41,000
9	...	95,000	+9,000	92,000	...	...	92,000	-3,000
10	...	75,62,000	+1,34,000	73,78,000	...	...	73,78,000	-1,84,000
11	...	83,32,21,000	-37,86,000	81,15,68,000	...	...	81,15,68,000	-2,06,63,000
12	...	...	...	...	...	...	...	...
13	...	1,86,000	+3,000	1,83,000	...	...	1,02,000	-24,000
13	...	1,82,000	-30,000	1,80,000	...	...	1,80,000	+2,000
14	...	4,000	-27,000	-18,000	...	...	-18,000	-22,000
15	...	1,03,000	+8,000	4,000	...	...	4,000	-1,59,000
16	...	1,07,000	-19,000	-14,000	...	...	-14,000	-1,81,000
17	...	10,50,88,000	-68,85,000	10,81,34,000	...	...	10,81,34,000	+24,46,000
18	-4,000	10,83,93,000	+48,51,000	10,42,46,000	8,47,000	...	10,80,93,000	-37,70,000
19	4,000	38,65,000	-45,34,000	38,88,000	-8,47,000	...	30,41,000	-3,24,000
20	...	...	...	...	...	...	...	...
21	...	...	...	...	...	...	...	...
22	...	...	...	...	...	...	...	...
23	4,000	38,65,000	-45,34,000	38,88,000	-8,47,000	...	30,41,000	-3,24,000
24	-39,000	1,82,07,000	+2,55,000	1,06,83,000	76,17,000	...	1,82,00,000	-67,000
25	-25,000	85,40,20,000	-80,54,000	83,61,15,000	66,70,000	...	83,27,85,000	-2,12,35,000

Rupees at £1=Rs. 13½.

A.—Statement of the Revenue of the Central

HEADS OF REVENUE.	ACCOUNTS, 1931-32.				REVISED ESTIMATE,		Item No.
	India.	England.	Exchange.	TOTAL.	India.	England.	
Brought forward	Rs. 78,00,08,606	Rs. 1,15,16,913	Rs. —87,022	Rs. 79,14,38,527	Rs. 84,69,23,000	Rs. 71,22,000	
Civil Administration—							
XVII.—Administration of Justice	2,96,023	2,158	23	2,98,204	1,43,000	...	1
XVIII.—Jails and Convict Settlements.	3,85,189	...	...	3,85,189	2,83,000	...	2
XIX.—Police	4,09,998	...	...	4,09,998	8,11,000	1,07,000	3
XX.—Ports and Pilotage	19,19,958	186	2	19,20,146	19,40,000	...	4
XX(1).—Light Houses and Light Ships	13,98,609	...	...	10,98,609	10,19,000	...	5
XXI.—Education	2,53,192	...	...	2,53,192	2,07,000	...	6
XXII.—Medical	3,28,283	1,072	11	3,29,366	2,18,000	...	7
XXIII.—Public Health	3,76,337	548	—3	3,76,883	1,66,000	...	8
XXIV.—Agriculture	18,37,231	143	2	18,27,375	19,76,000	...	9
XXV.—Industries	22,905	...	...	22,905	15,000	...	10
XXVI.—Miscellaneous Departments	20,94,935	1,67,045	—678	22,61,362	18,56,000	41,000	11
XXVI-A.—Indian Stores Department	2,61,445	...	...	2,61,445	2,20,000	...	12
TOTAL	94,74,015	1,71,151	—643	96,44,523	89,04,000	1,48,000	13
Currency and Mint—							
XXVII.—Currency	1,68,76,501	...	...	1,68,76,501	2,04,94,000	...	14
XXVIII.—Mint	9,85,178	28	...	9,85,204	35,61,000	...	15
TOTAL	1,78,61,679	26	...	1,78,61,705	2,40,55,000	...	16
Civil Works—							
XXX.—Civil Works	24,51,745	...	...	24,51,745	20,92,000	...	17
Miscellaneous—							
XXXIII.—Receipts in aid of Superannuation	11,36,096	2,67,038	1,995	14,05,129	10,99,000	2,66,000	18
XXXIV.—Stationery and Printing	30,46,080	36,213	—25	30,82,218	24,80,000	33,000	19
XXXV.—Miscellaneous	1,06,26,088	5,70,283	1,293	1,12,03,666	50,16,000	4,27,000	20
TOTAL	1,48,08,214	6, 9,530	3,263	1,50,91,013	85,95,000	7,25,000	21
Defence Receipts—							
XXXVI.—Defence Services—Effective	2,76,04,589	41,97,325	15,093	3,18,17,007	2,64,74,000	35,27,000	22
XXXVII.—Defence Services—Non-effective	16,28,439	78,42,418	—11,643	94,67,313	15,43,000	63,40,000	23
XXXVIII.—Transfers from Defence Reserve Fund.	...	...	...	...	6,22,000	...	24
TOTAL	2,92,33,027	1,20,39,743	3,450	4,12,74,220	2,86,39,000	98,73,000	25
Provincial Contributions and miscellaneous adjustments between Central and Provincial Governments—							
XXXX-A.—Miscellaneous adjustments between the Central and Provincial Governments	...	...	...	...	...	...	26
Extraordinary Items—							
XL.—Extraordinary Receipts	13,50,831	7,58,506	8,976	21,48,213	1,76,000	3,000	27
XL-A.—Transfers from Revenue Reserve Fund	...	...	...	...	...	...	28
TOTAL	13,50,831	7,58,506	8,976	21,48,213	1,76,000	3,000	29
Railway Revenues as per Railway Budget	84,12,96,763	—51,10,140	—30,855	33,61,55,768	32,89,24,000	—48,61,000	30
TOTAL REVENUE	1,10,83,13,680	2,02,56,765	—1,02,931	1,21,64,65,714	1,25,68,38,000	1,30,10,000	31

* Sterling converted into

BUDGET FOR 1933-34

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Government, in India and in England—*contd.*

1932-33.			Increase (+) Decrease (-) as compared with Budget, 1932-33.	BUDGET ESTIMATE, 1933-34.				Increase (+) Decrease (-) as compared with Revised, 1932-33.
Item No.	Exchange.	TOTAL.		India.	England.	Exchange.	TOTAL.	
	Rs. —25,000	Rs. 55,40,20,000	Rs. —50,84,000	Rs. 53,01,15,000	Rs. 68,70,000	Rs. ...	Rs. 83,37,85,000	Rs. —2,12,35,000
1	...	1,43,000	+28,000	1,35,000	...	...	1,25,000	-18,000
2	...	2,53,000	-15,000	2,58,000	...	...	2,58,000	+5,000
3	...	9,48,000	-19,000	8,35,000	1,07,000	...	9,43,000	-5,000
4	...	19,40,000	-70,000	19,30,000	...	...	19,30,000	-10,000
5	...	10,19,000	-1,44,000	10,39,000	...	...	10,39,000	+20,000
6	...	2,67,000	+27,000	1,94,000	...	...	1,94,000	-13,000
7	...	2,18,000	+3,000	1,65,000	...	...	1,65,000	-53,000
8	...	1,86,000	-1,39,000	1,67,000	...	...	1,67,000	-19,000
9	...	19,70,000	+2,56,000	12,52,000	...	...	12,52,000	-7,24,000
10	...	15,000	...	15,000	...	...	15,000	...
11	...	18,97,000	+1,93,000	18,50,000	7,000	...	18,66,000	-31,000
12	...	2,20,000	-89,000	2,79,000	...	...	2,79,000	+59,000
13	...	90,62,000	+41,000	1,14,000	...	...	92,62,000	-7,90,000
14	...	3,04,94,000	-1,32,98,000	1,39,11,000	...	...	1,39,11,000	-65,83,000
15	...	35,41,000	+32,68,000	35,57,000	...	...	35,57,000	-24,000
16	...	2,40,75,000	-90,43,000	1,74,68,000	...	...	1,74,68,000	-66,07,000
17	...	20,92,000	-5,87,000	21,55,000	...	...	21,55,000	+63,000
18	-1,000	13,64,000	-82,000	10,06,000	2,44,000	...	13,40,000	-24,000
19	...	25,12,000	-3,04,000	38,97,000	18,000	...	24,15,000	-87,000
20	-2,300	54,41,000	+30,10,000	18,70,000	4,03,000	...	19,79,000	-34,62,000
21	-3,000	83,17,000	+20,30,000	80,09,000	6,68,000	...	57,40,000	-35,63,000
22	-12,000	2,99,69,000	-2,58,000	2,98,75,000	70,14,000	...	3,16,89,000	+17,00,000
23	-22,000	73,67,000	+79,000	18,05,000	35,33,000	...	53,38,000	-25,29,000
24	...	6,22,000	-31,69,000	61,40,000	...	...	61,40,000	+55,18,000
25	-34,000	3,54,78,000	-33,18,000	3,68,20,000	65,47,000	...	4,31,67,000	+46,89,000
26	...	...	...	...	...	...	...	...
27	...	1,70,000	-22,12,000	...	...	...	...	-1,79,000
28	...	...	...	...	...	...	...	...
29	...	1,79,000	-32,13,000	...	...	...	...	-1,79,000
30	17,000	3,40,90,000	-77,54,000	33,56,50,000	-17,05,000	...	83,49,45,000	-1,15,000
31	-45,000	1,97,13,03,000	-3,58,20,000	1,23,42,55,000	92,91,000	...	1,24,36,16,000	-2,77,87,000

Rupees at £1=Rs. 13½

B.—Statement of the Expenditure charged to Revenue

HEADS OF EXPENDITURE.	ACCOUNTS, 1931-32.				REVENUE	
	India.	England.	Exchange.	TOTAL.	India.	Item No.
	Rs.	Rs.	Rs.	Rs.	Rs.	
Direct Demands on the Revenue—						
1.—Customs	88,10,298	2,38,304	1,189	90,49,791	92,07,000	1
2.—Taxes on Income	74,88,243	95,326	208	75,83,777	77,03,000	2
3.—Salt	1,14,04,293	1,03,237	710	1,15,08,240	1,11,85,000	3
4.—Opium	78,92,637	84,014	675	79,77,326	66,09,000	4
5.—Land Revenue	9,21,303	...	...	9,21,303	5,48,000	5
6.—Excise	15,76,100	12,568	—19	15,87,638	15,28,000	6
7.—Stamps	50,119	8,944	100	58,503	14,16,000	7
8.—Forest	30,24,655	1,57,141	845	31,82,641	22,03,000	8
9.—Registration	20,358	...	...	20,358	17,000	9
TOTAL	4,10,55,045	6,8,988	4,104	4,17,58,137	4,94,15,000	10
Forest and other Capital Outlay charged to Revenue—						
3A.—Capital outlay on Salt Works	3,217	...	...	3,217	2,31,000	11
7A.—Capital outlay on Central Stamp Store	63,024	...	...	63,024	52,000	12
8A.—Forest Capital outlay	...	...	...	...	...	13
TOTAL	66,241	...	...	66,241	2,83,000	14
Irrigation, etc., Revenue Account—						
14.—Works for which Capital accounts are kept—						
Interest on Debt	12,72,107	...	...	12,72,107	2,69,000	15
15.—Other Revenue Expenditure	6,06,108	49,692	250	6,56,050	2,13,000	16
TOTAL	18,78,215	49,692	250	19,28,157	4,81,000	17
Irrigation, etc., Capital outlay charged to Revenue—						
16.—Construction of Irrigation, etc., Works—						
Financed from Ordinary Revenues	2,17,315	...	...	2,17,315	36,000	18
Posts and Telegraphs Revenue Account—						
17.—Posts and Telegraphs—						
Interest on Debt	...	...	...	...	...	19
Indian Posts and Telegraphs Department	77,50,711	...	...	77,50,711	81,38,000	20
Indo-European Telegraph Department	...	...	...	...	...	21
TOTAL	77,50,711	...	...	77,50,711	81,38,000	21
Posts and Telegraphs Capital Outlay charged to Revenue—						
18.—Capital outlay on Posts and Telegraphs—						
Indian Posts and Telegraphs Department	10,81,950	...	...	10,81,950	6,86,000	22
Indo-European Telegraph Department	62,95,459	...	...	62,95,459	...	23
TOTAL	73,77,409	...	...	73,77,409	6,86,000	24
Debt Services—						
19.—Interest on Ordinary Debt	23,66,29,171	30,78,77,415	11,80,479	44,56,87,065	23,08,01,000	25
Deduct—Amount chargeable to—						
Railways	20,17,25,479	11,50,94,746	7,33,981	31,75,54,218	20,12,58,000	26
Irrigation	18,72,107	...	...	18,72,107	2,69,000	27
Posts and Telegraphs	7,91,239	...	...	7,91,239	62,85,000	28
Other heads	24,46,933	...	...	24,46,933	25,72,000	29
Provincial Loans Fund	7,25,24,950	...	...	7,25,24,950	8,04,00,000	30
Remainder chargeable to Ordinary Debt	4,90,38,577	8,27,82,669	4,46,488	4,90,90,560	4,19,82,000	31
20.—Interest on other Obligations	8,37,98,454	5,15,070	—2,039	8,43,10,744	8,75,11,000	32
21.—Reduction or Avoidance of Debt	6,98,38,000	...	...	6,98,38,000	8,84,21,000	33
TOTAL	10,44,07,778	9,32,97,739	4,43,819	10,77,50,336	9,39,50,000	34
Carried over	14,93,58,694	9,40,40,617	4,48,093	24,77,58,604	14,69,91,000	35

* Sterling converted into

BUDGET FOR 1933-34.

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of the Central Government, in India and in England.

ESTIMATE, 1932-33.				BUDGET ESTIMATE, 1933-34.				Increase (+) Decrease (-) as compared with Revised, 1932-33.	
Item No.	England.	Exchange.	TOTAL.	Increase (+) Decrease (-) as compared with Budget, 1932-33.	India.	England.	Exchange.	TOTAL.	Increase (+) Decrease (-) as compared with Revised, 1932-33.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	1,75,000	-1,000	93,76,000	+73,000	96,17,000	1,43,000	...	97,80,000	+3,64,000
2	75,000	...	77,77,000	-5,51,000	83,00,000	1,23,000	...	84,83,000	+7,16,000
3	61,000	...	1,19,46,000	-97,000	1,14,37,000	85,000	...	1,15,20,000	+2,74,000
4	27,000	...	86,30,000	+14,74,000	50,08,000	36,000	...	57,20,000	-29,00,000
5	...	...	6,48,000	+1,000	5,88,000	...	...	5,88,000	+30,000
6	10,000	...	15,35,000	-67,000	15,35,000	10,000	...	15,45,000	+7,000
7	21,000	...	14,37,000	-8,000	17,31,000	33,000	...	17,44,000	+3,77,000
8	1,15,000	-1,000	20,17,000	+1,52,000	20,50,000	1,33,000	...	21,83,000	-1,54,000
9	...	...	17,000	+1,000	20,000	...	...	20,000	+3,000
10	4,79,000	...	4,80,000	+13,38,000	4,10,31,000	5,63,000	...	4,15,95,000	-12,05,000
11	...	...	2,31,000	...	1,78,000	...	...	1,78,000	-55,000
12	...	...	...	...	...	...	...	...	...
13	...	...	52,000	-33,000	58,000	...	...	58,000	+6,000
14	...	...	2,83,000	-35,000	2,34,000	...	...	2,34,000	-19,000
15	...	...	2,68,000	-2,000	2,79,000	...	...	2,79,000	+11,000
16	10,000	...	2,39,000	+80,000	1,55,000	19,000	...	1,74,000	-55,000
17	10,000	...	4,97,000	+88,000	4,44,000	19,000	...	4,53,000	-44,000
18	...	...	...	...	...	...	...	...	...
19	...	...	...	...	...	...	...	...	...
20	...	...	61,38,000	-13,80,000	57,01,000	...	...	57,01,000	+6,13,000
21	...	...	61,08,000	-13,80,000	57,01,000	...	...	57,01,000	+6,13,000
22	...	...	8,88,000	+81,000	3,61,000	...	...	3,61,000	-8,27,000
23	...	...	...	...	...	...	...	...	...
24	...	...	6,88,000	+1,000	5,61,000	...	...	5,61,000	-3,37,000
25	10,23,68,000	-7,01,000	43,24,83,000	-2,70,06,000	22,06,87,000	20,27,88,000	...	42,34,70,000	-90,13,000
26	11,62,01,000	-3,89,000	81,60,60,000	+7,53,000	20,08,05,000	11,66,93,000	...	81,63,29,000	-2,00,000
27	...	...	2,08,000	+2,000	2,79,000	...	...	2,79,000	-11,000
28	...	...	82,05,000	+1,77,000	84,08,000	...	...	89,08,000	-6,77,000
29	...	...	25,72,000	-95,000	27,48,000	...	...	27,48,000	-1,76,000
30	...	...	8,04,00,000	+10,32,000	8,30,00,000	...	...	8,30,00,000	-3,76,00,000
31	8,71,80,000	-3,02,000	2,48,95,000	-1,74,37,000	7,56,58,000	6,72,04,000	...	1,16,00,000	-1,37,02,000
32	5,09,000	-2,000	8,00,77,000	-8,18,000	8,50,27,000	8,61,000	...	8,62,75,000	+51,95,000
33	...	...	1,64,1,000	+2,37,000	6,62,67,000	...	...	6,62,67,000	+4,76,000
34	8,77,51,000	-9,01,000	1,09,97,000	-1,78,38,000	8,58,21,000	8,74,30,000	...	1,09,97,000	-46,01,000
35	8,87,40,000	-3,08,000	23,59,31,000	-1,78,41,000	13,06,03,000	8,84,07,000	...	22,81,80,000	-67,71,000

B.—Statement of the Expenditure charged to Revenue

HEADS OF EXPENDITURE.	ACCOUNTS, 1931-32.				REVISED	
	India.	England.	Exchange.	TOTAL.	India.	Item No.
	Rs.	Rs.	Rs.	Rs.	Rs.	
Brought forward	14,92,55,594	9,40,46,617	4,48,293	24,37,53,504	14,50,91,000	
Civil Administration—						
22.—General Administration	1,46,71,534	51,05,018	29,867	1,98,06,414	1,09,44,000	1
23.—Audit	97,70,633	3,43,571	1,812	1,01,21,166	90,56,000	2
24.—Administration of Justice	15,34,941	90,600	774	16,32,321	8,6,000	3
25.—Jails and Convict Settlements	38,37,343	45,193	324	38,72,931	24,55,000	4
26.—Police	85,87,457	2,18,001	1,602	88,04,060	54,54,000	5
27.—Ports and Pilotage	23,10,792	3,16,169	1,699	26,27,060	19,78,000	6
27 (1).—Light Houses and Light Ships	10,54,065	...	...	10,54,065	10,19,000	7
28.—Ecclesiastical	22,81,438	7,41,724	4,091	30,27,243	20,61,000	8
29.—Political	1,51,60,922	12,63,805	4,950	1,64,30,677	1,31,76,000	9
29-A.—Frontier Watch and Ward	3,37,85,899	1,07,840	893	3,38,94,341	2,17,60,000	10
30.—Scientific Departments	76,71,076	9,02,087	4,102	85,77,264	60,71,000	11
31.—Education	61,34,195	81,146	650	62,15,921	34,08,000	12
32.—Medical	27,60,833	2,03,139	1,234	29,67,206	20,71,000	13
33.—Public Health	15,90,589	1,20,518	959	17,11,066	11,20,000	14
34.—Agriculture	32,94,874	1,68,610	1,453	34,64,937	26,74,000	15
35.—Industries	1,83,884	50,260	113	2,30,276	1,68,000	16
36.—Aviation	11,06,026	9,36,393	5,094	20,57,513	9,33,000	17
37.—Miscellaneous Departments	4,49,673	1,34,532	637	4,84,842	19,57,000	18
37-A.—Indian Stores Department	7,37,470	1,67,666	1,673	8,44,369	7,95,000	19
TOTAL	11,07,26,067	1,09,67,399	60,966	12,17,55,022	8,75,12,000	20
Currency and Mint—						
38.—Currency	43,78,470	36,836	211	44,15,467	47,64,000	21
39.—Mint	20,97,811	94,959	1,106	21,93,866	20,32,000	22
TOTAL	74,76,281	1,31,795	1,317	76,08,373	68,16,000	23
Civil Works—						
41.—Civil Works	2,30,07,679	69,740	384	2,30,77,793	1,82,35,000	24
Miscellaneous—						
43.—Famine—						
A.—Famine Relief	18,499	...	...	18,499	...	25
44.—Territorial and Political Pensions	29,98,933	1,14,078	486	31,13,527	30,43,000	26
45.—Superannuation Allowances and Pensions	47,88,404	2,19,39,708	1,20,351	2,08,38,503	67,14,000	27
46.—Stationery and Printing	61,24,779	6,32,137	4,937	67,61,843	38,11,000	28
47.—Miscellaneous	64,37,417	19,15,068	13,322	73,75,807	50,73,000	29
TOTAL	1,68,78,123	2,45,90,801	1,39,076	4,31,08,179	1,71,41,000	30
Miscellaneous capital outlay charged to Revenue—						
48-A.—Commutated value of pensions financed from Ordinary Revenue	3,07,111	...	...	3,07,111	8,93,000	31
Defence Services—						
49.—Defence Services—Effective	38,95,80,925	7,17,17,593	2,08,963	46,15,05,470	35,57,17,000	32
49.—Defence Services—Non-effective	3,71,98,765	4,90,20,538	2,20,562	8,71,45,860	5,57,53,000	33
50.—Transfers to Defence Reserve Fund	1,08,22,990	...	...	1,08,22,990	...	34
TOTAL	43,71,02,560	12,13,44,116	4,27,524	56,88,74,220	39,44,70,000	35
Contributions and miscellaneous Adjustments between Central and Provincial Governments—						
61-A.—Miscellaneous Adjustments between the Central and Provincial Governments	...	...	...	...	90,35,000	36
Extraordinary Items—						
62.—Extraordinary Payments	2,86,551	11,621	—61	2,98,111	11,63,000	37
62-I.—Transfers to Revenue Reserve Fund	...	...	...	...	...	38
TOTAL	2,86,551	11,621	—61	2,98,111	11,63,000	39
Railway Expenditure as per Railway Budget	20,63,97,041	12,90,53,182	8,05,546	33,61,55,769	20,40,85,000	40
TOTAL EXPENDITURE CHARGED TO REVENUE	93,18,20,506	35,02,15,451	18,63,044	1,36,83,35,991	8,68,26,000	41

* Sterling converted into

BUDGET FOR 1933-34.

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of the Central Government, in India and in England—*contd.*

Item No.	ESTIMATE, 1932-33.				Increase (+) Decrease (-) as compared with Budget, 1932-33.	BUDGET ESTIMATE, 1933-34.				Increase (+) Decrease (-) as compared with Revised, 1932-33.
	England.	Exchange.	Total.			India.	England.	Exchange.	Total.	
	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.	Rs.
	8,82,48,000	-3,06,000	23,39,31,000	-1,78,41,000		13,06,63,000	8,82,97,000	...	22,81,60,000	-57,71,000.
1	48,22,000	-17,000	1,54,49,000	+1,88,000		1,07,72,000	49,67,000	...	1,57,39,000	+2,90,000
2	3,10,000	-1,000	93,65,000	-3,68,000		97,40,000	3,41,000	...	1,00,87,000	+7,37,000
3	74,000	...	9,33,000	-1,000		7,05,000	97,000	...	8,07,000	-1,31,000
4	61,000	...	25,16,000	+2,07,000		24,72,000	49,000	...	25,21,000	+5,000
5	1,34,000	-1,000	55,87,000	-1,89,000		52,38,000	1,52,000	...	53,90,000	-1,97,000
6	3,15,000	-1,000	22,92,000	-1,74,000		20,33,000	3,37,000	...	23,70,000	+78,000
7	10,000	...	10,20,000	-70,000		10,39,000	...	...	10,39,000	+10,000
8	7,69,000	-3,000	28,47,000	+8,000		21,55,000	7,82,000	...	29,17,000	+70,000
9	1,76,000	-4,000	1,44,44,000	-51,000		1,25,67,000	11,05,000	...	1,36,62,000	-7,60,000
10	1,11,000	...	2,18,91,000	-91,000		2,10,40,000	1,00,000	...	2,17,40,000	-1,43,000
11	6,77,000	-2,000	63,46,000	-15,000		68,63,000	7,85,000	...	68,48,000	+3,07,000
12	54,000	...	34,55,000	-52,000		29,53,000	65,000	...	30,18,000	-4,37,000
13	1,61,000	-1,000	22,71,000	-1,000		22,30,000	1,84,000	...	24,19,000	+1,88,000
14	1,39,000	-1,000	1,64,000	-1,000		1,87,000	1,33,000	...	14,10,000	+1,55,000
15	1,08,000	...	29,77,000	+7,38,000		22,90,000	1,41,000	...	24,39,000	-5,38,000
16	23,000	...	2,06,000	+78,000		1,90,000	30,000	...	2,20,000	+14,000
17	40,000	...	9,78,000	+11,000		9,63,000	31,000	...	9,94,000	+18,000
18	1,64,000	-1,000	21,15,000	+2,73,000		18,49,000	1,64,000	...	18,30,000	-3,07,000
19	88,000	...	8,83,000	+3,09,000		5,89,000	77,000	...	6,70,000	-8,80,000
20	93,32,000	-32,000	9,68,03,000	+70,000		8,84,00,000	95,22,000	...	9,59,22,000	-2,17,000
21	21,000	...	48,05,000	-1,68,000		45,10,000	27,000	...	45,37,000	-4,85,000
22	67,000	...	20,99,000	-98,000		18,08,000	74,000	...	18,82,000	+10,16,000
23	68,000	...	69,01,000	-10,43,000		63,13,000	1,01,000	...	64,19,000	+8,48,000
24	1,41,000	...	1,63,78,000	-1,00,000		1,92,61,000	1,31,000	...	1,93,92,000	+60,000
25	...	...	...	...		...	...	...	...	...
26	1,07,000	...	31,50,000	+5,000		29,83,000	1,07,000	...	30,90,000	-80,000
27	2,17,62,000	-75,000	2,74,01,000	+11,59,000		68,56,000	2,12,00,000	...	2,50,56,000	+6,55,000
28	4,33,000	-3,000	37,41,000	+4,79,000		33,12,000	4,71,000	...	37,83,000	+4,000
29	21,90,000	-8,000	7,55,000	+10,03,000		88,97,000	21,00,000	...	59,57,000	-1,75,000
30	2,44,91,000	-65,000	4,15,47,000	+17,38,000		1,70,43,000	2,38,78,000	...	4,09,26,000	-6,21,000
31	...	...	8,98,000	+6,02,000		3,50,000	...	...	2,50,000	-6,48,000
32	6,24,68,000	-2,15,000	43,07,70,000	-31,37,000		35,05,90,000	6,30,68,000	...	41,96,52,000	-11,12,000
33	4,96,37,000	-1,73,000	8,61,08,000	-1,91,000		3,53,33,000	5,01,76,000	...	8,55,09,000	+4,01,000
34	...	...	...	...		...	...	...	...	...
35	1,17,95,000	-3,87,000	60,58,78,000	-33,18,000		39,19,33,000	11,32,44,000	...	50,51,67,000	-7,11,000
36	...	...	...	...		...	...	...	...	...
37	...	...	96,35,000	-5,65,000		1,00,00,000	...	...	1,00,00,000	+3,05,000
38	...	...	...	...		...	...	...	...	...
39	4,00,000	-1,000	15,62,000	-6,48,000		6,30,000	2,44,000	...	8,74,000	-6,88,000
40	...	...	...	...		...	...	...	...	...
41	4,00,000	-1,000	15,62,000	-6,48,000		6,30,000	2,44,000	...	8,74,000	-6,88,000
42	...	...	...	...		...	...	...	...	...
43	12,35,74,000	-1,49,000	33,40,90,000	-77,54,000		20,45,13,000	12,94,32,000	...	33,39,45,000	-1,45,000
44	39,40,57,000	-1,60,000	1,24,08,35,000	-2,85,32,000		57,60,00,000	36,50,49,000	...	1,24,10,55,000	-56,85,000

Rupees at £1 = Rs. 13½.

BUDGET FOR 1933-34.

C.—Statement of Receipts and Disbursements of the

	ACCOUNTS, 1931-32.		
	India.	England.	TOTAL.
	Rs.	Rs.	Rs.
Revenue (from Statement A)	1,19,63,12,860	2,02,55,765	1,21,65,68,645
Exchange added to Revenue	—1,02,931	...	—1,02,931
TOTAL	1,19,62,09,949	2,02,55,765	1,21,64,65,714
Railway Capital not charged to Revenue—			
As per Railway Budget	..	...	...
Public Debt Incurred—			
Permanent Debt—			
<i>Sterling Debt—</i>			
New Sterling Loan	...	...	...
6 per cent. Bonds	...	13,30,96,927	...
5½ per cent. Stock	...	4,28,14,508	...
5 per cent. Stocks 1942-47	...	...	...
4½ per cent. Stock	...	20,23,527	...
<i>Rupee Debt—</i>			
New Rupee Loan	...	...	...
6½ per cent. Treasury Bonds, 1935	16,94,95,600	...	...
5½ per cent. Loan 1918-40	...	...	...
5 per cent. Loan 1940-43	...	...	...
4½ per cent. Loan 1960-70	...	...	...
4 per cent. Bonds, 1913	...	...	...
3½ per cent. Loans	8,77,700	...	...
TOTAL	16,98,13,300	17,68,34,952	34,66,48,252
Floating Debt—			
<i>Treasury Bills—</i>			
Issued to Public	2,01,25,50,000	...	...
Issued to Paper Currency Reserve	78,32,90,000	...	...
India Bills	...	...	...
Temporary Loans	31,50,00,000	...	...
TOTAL	3,01,08,40,000	...	3,01,08,40,000
Carried over	4,37,68,93,249	18,90,10,727	

* Sterling converted into

BUDGET FOR 1933-34.

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Central Government, in India and in England.

REVISED ESTIMATE, 1932-33.			BUDGET ESTIMATE, 1933-34.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1,25,83,38,000 —45,000	1,30,10,000 ...	1,27,13,48,000 —45,000	1,23,42,25,000 ...	92,91,000 ...	1,24,35,16,000 ...
1,25,82,93,000	1,30,10,000	1,27,13,03,000	1,23,42,25,000	92,91,000	1,24,35,16,000
—36,000	1,03,40,000	1,03,04,000	...	...	...
...	...	...	...	8,00,00,000	...
...	5,15,000	...	...	1,73,000	...
...	13,13,000	...	...	13,96,000	...
...	12,92,000	...	...	5,27,000	...
...	21,34,000	...	...	22,50,000	...
...	...	...	12,00,00,000	...	...
...	...	...	...	...	...
19,13,89,000	...	...	...	...	...
25,18,47,000	...	...	...	...	...
22,00,09,000	...	...	...	...	...
14,97,18,000	...	...	...	...	...
1,86,00,000	...	...	8,57,000	...	...
83,15,54,000	13,08,82,000	96,24,36,000	12,08,57,000	8,43,46,000	20,52,03,000
1,23,58,25,000	...	...	90,00,00,000	...	...
1,34,16,60,000	...	...	35,28,10,000	...	...
...	...	...	...	...	...
25,75,00,000	...	...	...	...	...
2,83,49,85,000	..	2,83,49,85,000	1,25,28,10,000	...	1,25,28,10,000
4,92,47,96,000	15,42,82,000	...	2,60,78,92,000	9,86,37,000	...

Rupees at £1 = Rs. 13½.

BUDGET FOR 1933-34.

C.—Statement of Receipts and Disbursements of the

	ACCOUNTS, 1931-32.		
	India.	England.	TOTAL.
	Rs.	Rs.	Rs.
Brought forward .	4,87,68,93,249	19,90,90,727	
Unfunded Debt—			
Deposits of Service Funds	9,05,352	16,85,313	
Post Office Cash Certificates	14,49,29,348	...	
Savings Bank Deposits	39,93,90,876	...	
TOTAL .	54,52,25,576	16,85,313	54,69,10,889
Deposits and Advances—			
Provincial Loans Fund	21,76,02,741	...	
Posts and Telegraphs Depreciation Fund .	37,21,244	...	
Deposits of Local Funds—			
District Funds	16,22,92,675	...	
Other Funds	10,06,70,998	...	
Sinking Funds for Central Loans	1,97,28,186	...	
Other appropriations for Reduction or Avoidance of Debt	5,10,31,000	...	
Sinking Fund Investment Account	85,99,154	...	
Sinking Funds for loans granted to local bodies	4,45,159	...	
Gold Standard Reserve	...	86,48,59,250	
Gold Standard Reserve Revenue Equalisation Fund	...	3,37,01,108	
Deposits of Branch Line Companies	6,80,248	...	
Road Development Fund	1,02,00,768	...	
Post Office Cash Certificate Bonus Fund .	22,52,394	...	
Departmental and Judicial Deposits . . .	78,31,08,921	...	
Advances	28,68,88,905	7,97,057	
Discount Sinking Fund	48,41,000	...	
Gain or loss on revaluation, sale, transfer, etc., of assets of the Paper Currency Reserve	...	...	
Suspense	1,48,93,854	95,80,726	
Exchange on Remittance Accounts	...	...	
Miscellaneous	3,57,75,828	2,24,73,317	
Defence Reserve Fund	1,03,22,890	...	
TOTAL .	1,71,20,55,960	93,09,11,458	2,64,29,67,418
Railway Depreciation and Reserve Funds as per Railway Budget	13,46,98,940	...	13,46,98,940
Carried over .	6,76,88,68,725	1,13,16,87,498	

* Sterling converted into

BUDGET FOR 1933-34.

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Central Government, in India and in England—*contd.*

REVISED ESTIMATE, 1932-33.			BUDGET ESTIMATE, 1933-34.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
4,92,47,96,000	15,42,32,000		2,60,78,92,000	9,36,37,000	
8,67,000	17,60,000		8,48,000	19,02,000	
14,78,00,000	...		9,00,00,000	...	
43,05,50,000	...		42,84,72,000	...	
57,92,17,000	17,60,000	58,09,77,000	51,93,20,000	19,02,000	52,12,22,000
19,52,00,000	...		15,71,00,000	...	
36,81,000	...		45,27,000	...	
15,12,99,000	...		15,30,31,000	...	
9,82,85,000	...		9,85,70,000	...	
2,01,60,000	...		1,91,61,000	...	
5,05,82,000	...		5,10,86,000	...	
2,56,20,000	...		...	...	
4,63,000	...		89,000	...	
...	90,64,64,000		...	67,79,00,000	
...	...		...	...	
7,00,000	...		7,00,000	...	
1,07,00,000	...		1,07,00,000	...	
1,10,00,000	...		1,35,00,000	...	
91,70,75,000	...		75,49,27,000	...	
37,00,92,000	1,17,000		36,76,85,000	2,87,000	
50,85,000	...		74,68,000	...	
5,00,000	...		...	...	
4,23,30,000	59,00,000		2,24,36,000	2,87,000	
4,84,000	...		...	...	
85,30,000	1,95,87,000		1,57,80,000	1,87,47,000	
...	...		...	...	
1,91,47,86,000	93,20,48,000	2,34,68,34,000	1,67,67,60,000	89,72,21,000	2,57,39,81,000
13,75,00,000	...	13,75,00,000	13,75,00,000	...	13,75,00,000
7,55,62,99,000	1,08,80,40,000		4,54,14,72,000	99,27,60,000	

Rupees at 21 Rs. 134.

C.—Statement of Receipts and Disbursements of the

	ACCOUNTS, 1931-32.		
	India.	England.	TOTAL.
	Rs.	Rs.	Rs.
Brought forward	6,76,88,68,725	1,13,16,87,498	
Loans and Advances by the Central Government—			
Advances to Provincial Loans Fund	96,53,368	...	
Other Loans and Advances			
TOTAL	96,53,368	...	96,53,368
Remittances—			
I.—Remittances within India—			
Inland Money Orders	81,74,89,764	...	
Other Local Remittances	...	...	
Other Departmental Accounts	...	...	
Net Receipts by Civil Treasuries from—			
Railways	2,14,89,436	...	
Posts and Telegraphs	1,76,15,349	...	
Net Receipts from Civil Treasuries by—			
Defence Services	35,77,86,376	...	
II.—Remittances between England and India—			
Remittance Account—			
Iraq drawings	...	85,75,000	
Sale of Sterling	18,73,04,053	...	
Sale of Silver	...	2,85,52,777	
Other transactions	1,76,95,124	2,57,38,955	
Sterling purchased in India	...	53,79,86,666	
Sterling obtained in London	...	...	
Transfers through the Gold Standard Reserve	...	27,87,44,000	
TOTAL	1,41,98,80,102	87,95,97,398	2,29,89,77,500
Balances of Provincial Governments	2,52,96,381	...	2,52,96,381
TOTAL RECEIPTS	8,22,31,98,576	2,01,12,84,896	
Opening Balance	17,28,23,746	(a) 7,40,43,787	
GRAND TOTAL	8,39,60,22,322	2,08,53,28,683	

* Sterling converted into Rupees at £1 = Rs. 18½.

(a) Of this amount, £ 1,085 represents funds of the Gold Standard Reserve.

BUDGET FOR 1933-34.

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Central Government, in India and in England—*contd.*

REVISED ESTIMATE, 1932-33.			BUDGET ESTIMATE, 1933-34.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
7,55,62,99,000	1,08,80,40,000		4,94,14,72,000	99,27,60,000	
85,45,000	...		1,66,65,000	...	
85,45,000	...	85,45,000	1,66,65,000	...	1,66,65,000
80,82,56,000	...		86,85,00,000	...	
23,35,000	...		22,37,000	...	
3,13,88,000	...		2,96,14,000	...	
9,61,30,000	...		9,82,94,000	...	
9,59,08,000	...		8,84,38,000	...	
32,93,06,000	...		32,53,39,000	...	
...	21,88,000		...	80,00,000	
...	...		...	...	
...	2,28,80,000		...	50,00,000	
92,82,000	1,62,62,000		98,77,000	1,86,07,000	
...	51,76,80,000		...	28,00,00,000	
...	95,33,000		...	...	
20,62,14,000	...		50,00,000	...	
1,57,88,19,000	56,85,43,000	2,14,73,62,000	1,37,72,94,000	31,16,07,000	1,68,89,01,000
6,11,22,000	...	6,11,22,000	2,75,74,000	...	2,75,74,000
9,20,47,85,000	1,65,65,83,000		6,86,30,05,000	1,30,43,67,000	
12,69,10,744	(b) 21,15,32,561		11,78,19,744	(b) 17,84,93,561	
9,33,16,95,744	1,86,81,15,561		6,48,03,24,744	1,48,28,60,561	

* Sterling converted into Rupees at £1=Rs. 13½.

(b) Of this amount, £39 represents funds of the Gold Standard Reserve.

C.—Statement of Receipts and Disbursements of the

	ACCOUNTS, 1931-32.		
	India.	England.	TOTAL.
	Rs.	Rs.	Rs.
Expenditure (from Statement B)	95,18,40,596	38,02,15,451	1,38,20,56,047
Exchange	18,82,944	...	18,82,944
TOTAL	95,37,23,540	38,02,15,451	1,33,39,38,991
Irrigation, Posts and Tele- graphs and other Capital Out- lay not charged to Revenue—			
SECURITY PRINTING PRESS	—3,81,991	...	—3,81,991
IRRIGATION, ETC., WORKS	8,746	...	8,746
POSTS AND TELEGRAPHS	84,18,572	3,73,304	87,91,876
VIZAGAPATAM PORT	35,33,096	1,15,271	36,48,367
LIGHT-HOUSES AND LIGHT-SHIPS	—3,694	3,694	...
CURRENCY	—5,813	...	—5,843
INITIAL EXPENDITURE ON NEW CAPITAL AT DELHI	13,37,616	1,23,047	14,60,663
PAYMENTS OF COMMUTED VALUE OF PENSIONS	42,31,942	...	42,31,942
PAYMENTS TO RETRENCHED PERSONNEL	1,45,487	...	1,45,487
TOTAL	1,72,83,931	6,15,316	1,78,99,247
RAILWAY CAPITAL NOT CHARGED TO REVENUE—			
As per Railway Budget	4,13,50,741	2,62,12,722	6,75,63,463
Public Debt Discharged—			
Permanent Debt—			
<i>Sterling Debt—</i>			
6 p. c. Bonds, 1932-33	...	1,72,45,333	
Do. 1933-35	...	...	
5½ p. c. Stock	...	19,68,12,110	
Redemption of liability assumed in respect of British War Loan, 1929-47	...	...	
State Railway annuities	...	2,12,99,490	
Do. do. Sinking Funds	...	26,66,667	
<i>Rupee Debt—</i>			
6 p. c. Bonds, 1933-36	...	...	
Do. do. 1932	...	...	
Other 6 p. c. Bonds	7,48,07,900	...	
5½ p. c. War Bonds, 1928	1,34,750	...	
Other 5½ p. c. War Bonds	96,525	...	
5 p. c. Loan, 1915-55	2,05,77,400	...	
5 p. c. Loan, 1929-47	1,00,91,225	...	
5 p. c. Loan, 1939-44	46,91,500	...	
5 p. c. Bonds, 1933	...	...	
4 p. c. Terminable Loan	2,100	...	
4 p. c. Railway Loan from Nawab of Rampur	47,00,000	...	
Other Loans	4,41,957	...	
TOTAL	11,54,43,357	23,80,23,600	35,34,66,957
Carried over	1,12,73,01,569	64,50,67,089	

* Sterling converted into

BUDGET FOR 1933-34.

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Central Government, in India and in England—*contd.*

REVISED ESTIMATE, 1932-33.			BUDGET ESTIMATE, 1933-34.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
88,68,26,000 —12,60,000	36,40,57,000 ...	1,25,08,83,000 —12,60,000	87,60,06,000 ...	36,50,49,000 ...	1,24,10,55,000 ...
88,55,66,000	36,40,57,000	1,24,96,23,000	87,60,06,000	36,50,49,000	1,24,10,55,000
4,000	...	4,000	—1,11,000	...	—1,11,000
...	...	...	...	...	...
19,66,000	...	19,66,000	15,80,000	...	15,80,000
51,00,000	3,00,000	54,00,000	48,80,000	1,00,000	49,80,000
—1,000	1,000	...	—2,000	2,000	...
1,000	...	1,000	—78,000	...	—78,000
...	...	...	...	...	...
65,76,000	...	65,76,000	60,65,000	...	60,65,000
12,41,000	...	12,41,000	—1,27,000	...	—1,27,000
1,48,87,000	3,01,000	1,51,88,000	1,22,07,000	1,02,000	1,23,09,000
29,85,000	1,54,47,000	1,84,32,000	2,00,00,000	1,30,00,000	3,30,00,000
...	6,27,55,000	...	...	...	...
...	4,03,13,000	...	...	5,24,13,000	...
...	5,92,000	...	...	...	...
...	...	...	...	78,84,000	...
...	2,20,40,000	...	...	2,28,07,000	...
...	26,67,000	...	...	26,67,000	...
17,52,12,000	...	...	12,10,00,000	...	...
14,50,00,000	...	...	6,50,000	...	...
10,80,000	...	...	7,95,000	...	...
70,000	...	...	65,000	...	...
68,000	...	...	65,000	...	...
4,08,000	...	...	...	...	...
9,05,49,000	...	...	10,14,00,000	...	...
44,73,000	...	...	...	...	...
15,07,15,000	...	...	6,25,00,000	...	...
3,000	...	...	2,000	...	...
...	...	...	...	...	...
2,17,03,000	...	...	10,00,000	...	...
59,92,61,000	12,83,67,000	71,76,28,000	20,03,87,000	8,57,71,000	37,61,58,000
1,49,26,99,000	50,81,72,000	...	1,19,86,00,000	46,39,22,000	...

Rupees at £1=Rs. 13½.

C.—Statement of Receipts and Disbursements of the

	Accounts, 1931-32.		
	India.	England.	TOTAL.
	Rs.	Rs.	Rs.
Brought forward	1,12,78,01,569	64,50,67,089	
Floating Debt—			
Treasury Bills—			
Issued to Public	2,09,10,05,000	...	
Do. Paper Currency Reserve	34,55,00,000	...	
India Bills	12,00,00,000	5,39,59,452	
Temporary Loans		...	
TOTAL	2,55,65,05,000	5,39,59,452	2,61,04,64,452
Unfunded Debt—			
Special Loans	30,408	...	
Deposits of Service Funds	13,00,660	1,75,713	
Post Office Cash Certificates	8,34,32,544	...	
Savings Bank Deposits	36,01,63,400	...	
TOTAL	44,49,27,012	1,75,713	44,51,02,725
Deposits and Advances—			
Provincial Loans Fund	21,71,18,990	...	
Posts and Telegraphs Depreciation Fund	14,44,697	...	
Deposits of Local Funds—			
District Funds	16,50,27,444	...	
Other Funds	10,14,48,707	...	
Sinking Funds for Central Loans	3,42,90,521	...	
Other Appropriations for Reduction or Avoidance of Debt		...	
Sinking Fund Investment Account	68,27,328	...	
Sinking funds for Loans granted to Local Bodies	...	...	
Gold Standard Reserve	...	86,43,73,329	
Gold Standard Reserve Revenue Equalisation Fund	...	3,37,05,907	
Deposits of Branch Line Companies	4,23,054	...	
Road Development Fund	54,87,015	...	
Departmental and Judicial Deposits	79,03,76,145	...	
Advances	28,96,90,279	5,80,550	
Discount Sinking Fund	...	...	
Gain or loss on revaluation, sale, transfer, etc., of assets of Paper Currency Reserve	7,39,14,964	...	
Suspense	3,25,47,173	96,23,016	
Exchange on Remittance Account	...	...	
Miscellaneous	7,11,071	2,37,14,399	
Defence Reserve Fund	...	...	
TOTAL	1,71,93,07,388	93,19,97,101	2,65,13,04,489
Railway Depreciation and Reserve Funds as per Railway Budget	17,47,18,361	...	17,47,18,361
Carried over	6,02,32,59,330	1,63,11,99,355	

* Sterling converted into

BUDGET FOR 1933-34.

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Central Government, in India and in England—*contd.*

REVISED ESTIMATE, 1932-33.			BUDGET ESTIMATE, 1933-34.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1,49,26,99,000	50,81,72,000		1,19,86,00,000	46,39,22,000	
1,43,11,50,000	...		98,00,00,000	...	
1,48,55,10,000	...		35,28,10,000	...	
35,25,00,000	...		...	...	
3,26,91,60,000	...	3,26,91,60,000	1,33,28,10,000	...	1,33,28,10,000
44,000	...		44,000	...	
13,31,000	2,40,000		12,61,000	2,86,000	
4,78,00,000	...		4,00,00,000	...	
85,13,23,000	...		34,59,88,000	...	
40,04,98,000	2,40,000	40,07,38,000	38,72,93,000	2,86,000	38,75,79,000
19,47,00,000	...		15,59,00,000	...	
2,87,000	...		6,39,000	...	
15,18,99,000	...		15,32,71,000	...	
9,70,65,000	...		9,71,50,000	...	
51,76,000	...		1,56,37,000	...	
8,00,000	...		...	...	
2,08,49,000	...		...	...	
...	...		90,86,000	...	
...	90,64,64,000		...	87,79,00,000	
...	...		...	...	
3,50,000	...		4,50,000	...	
1,00,00,000	...		1,00,00,000	...	
92,44,45,000	...		75,59,90,000	...	
36,43,22,000	3,28,000		36,12,69,000	4,19,000	
3,35,50,000	...		...	...	
4,73,00,000	...		2,30,28,000	57,99,000	
2,40,01,000	2,25,000		...	...	
4,84,000	1,95,67,000		...	1,87,47,000	
...	...		61,40,000	...	
6,22,000	...		...	...	
1,87,58,00,000	92,65,84,000	2,80,23,84,000	1,58,85,60,000	90,28,65,000	2,49,14,25,000
14,94,16,000	...	14,94,16,000	13,72,12,000	...	13,72,12,000
7,18,75,73,000	1,43,49,96,000		4,64,44,75,000	1,36,70,73,000	

Rupees at 21=Rs. 13½.

C.—Statement of Receipts and Disbursements of the

	ACCOUNTS, 1931-33.		
	India.	* England.	TOTAL.
	Rs.	Rs.	Rs.
Brought forward	6,02,32,59,330	1,63,11,99,355	
Loans and Advances by the Central Government—			
Advances to Provincial Loans Fund	11,79,42,000	...	
Other Loans and Advances	1,80,68,913	...	
TOTAL	13,60,00,913	...	13,60,00,913
Remittances—			
I.—Remittances within India—			
Inland Money Orders	81,85,98,883	...	
Other Local Remittances	45,64,873	...	
Other Departmental Accounts	1,37,720	...	
Net Payments into Civil Treasuries by—			
Railways	2,79,24,544	...	
Posts and Telegraphs	1,76,76,247	...	
Net Issues from Civil Treasuries to—			
Defence Services	35,68,37,892	...	
II.—Remittances between England and India—			
Remittance Account—			
Iraq drawings	85,75,000	...	
Sale of Sterling	...	18,73,04,053	
Sale of Silver	2,85,52,777	...	
Other transactions	3,02,52,733	1,40,28,763	
Sterling purchased in India	53,79,86,666	...	
Sterling obtained in London	...	...	
Transfers through the Gold Standard Reserve	27,87,44,000	...	
TOTAL	2,10,98,51,335	20,13,32,816	2,31,11,84,151
Balances of Provincial Governments	...	4,12,63,951	4,12,63,951
TOTAL DISBURSEMENTS	8,26,91,11,578	1,87,37,96,122	
Closing Balance	12,69,10,744	(b) 21,15,32,561	
GRAND TOTAL	8,39,60,22,322	2,08,53,28,683	

* Sterling converted into

(b) Of this amount, £3,748 represents the

BUDGET FOR 1933-34.

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Central Government, in India and in England—*concl'd.*

REVISED ESTIMATE, 1932-33.			BUDGET ESTIMATE, 1933-34.		
India.	* England.	TOTAL.	India.	* England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
7,18,75,73,000	1,43,49,96,000		4,64,44,75,000	1,36,70,73,000	
8,15,00,000	...		3,91,00,000	...	
1,61,92,000	...		1,47,37,000	...	
9,76,92,000	...	9,76,92,000	5,38,37,000	...	5,38,37,000
80,83,56,000	...		86,80,00,000	...	
21,93,000	...		21,38,000	...	
3,16,62,000	...		2,97,73,000	...	
9,61,30,000	...		9,82,94,000	...	
9,59,08,000	...		3,84,33,000	...	
32,93,06,000	...		32,53,39,000	...	
21,88,000	..		80,00,000	...	
...	...		...	...	
2,28,80,000	...		50,00,000	...	
1,32,75,000	1,23,90,000		1,58,06,000	1,29,98,000	
51,76,80,000	...		28,00,00,000	...	
95,33,000	...		...	...	
...	20,62,14,000		...	50,00,000	
1,92,91,11,000	21,86,04,000	2,14,77,15,000	1,67,07,82,000	1,79,98,000	1,68,87,80,000
..	3,60,22,000	3,60,22,000	...	3,21,74,000	3,21,74,000
9,21,48,76,000	1,68,96,22,000		6,36,90,94,000	1,41,72,45,000	
11,73,19,744	(b) 17,84,93,561		11,12,30,744	(b) 6,56,15,561	
9,83,16,95,744	1,86,81,15,561		6,48,03,24,744	1,48,28,60,561	

Ruppes at 21 = Rs. 13½.

funds of the Gold Standard Reserve.

D.—Abstract Statement of the Receipts and Disbursements of the Central Government, in India and in England.

Revenue and Expenditure.	Accounts, 1931-32.		REVISED ESTIMATE, 1932-33.		BUDGET ESTIMATE, 1933-34.	
	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Principal Heads of Revenue—						
Customs	45,53,16,665	...	51,34,79,000	...	50,27,00,000	...
Taxes on Income	16,74,58,695	...	16,02,23,000	...	17,21,17,000	...
Salt	7,42,24,052	...	9,25,54,000	...	7,59,60,000	...
Opium	1,27,64,367	...	8,56,000	...	62,69,000	...
Other Heads	1,61,44,937	...	1,32,17,000	...	1,28,98,000	...
TOTAL	72,59,38,656	...	78,93,29,000	...	76,99,64,000	...
Forest and other Capital Outlay charged to Revenue	...	66,241	...	2,83,000	...	2,84,000
Irrigation	...	8,72,111	...	3,66,000	...	4,88,000
Railways	...	...	...	...	...	...
Posts and Telegraphs	...	41,70,899	...	54,61,000	...	60,61,000
Debt Services	...	17,31,44,382	...	16,31,30,000	...	15,55,36,000
Civil Administration	...	11,23,10,499	...	8,77,50,000	...	8,76,60,000
Currency and Mint	1,02,52,332	...	1,71,71,000	...	1,10,49,000	...
Civil Works	...	1,96,25,958	...	1,62,84,000	...	1,72,37,000
Miscellaneous	...	2,77,24,277	...	3,31,28,000	...	3,54,42,000
Defence Services	...	51,76,00,000	...	46,74,00,000	...	46,20,00,000
Provincial Contributions and Miscellaneous Adjustments between Central and Provincial Governments	...	...	...	96,35,000	...	1,00,00,000
Extraordinary Items	18,50,102	...	...	13,63,000	...	8,74,000
TOTAL	78,80,41,090	85,55,14,367	80,66,00,000	78,48,30,000	76,10,13,000	77,85,52,000

BUDGET FOR 1933-34.

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D.—Abstract Statement of the Receipts and Disbursements of the Central Government, in India and in England—*concl'd.*

Revenue and Expenditure.	ACCOUNTS, 1931-32.		REVISED ESTIMATE, 1932-33.		BUDGET ESTIMATE, 1933-34.	
	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Surplus or deficit	...	11,74,73,277	2,16,80,000	...	24,61,000	...
Capital Account—						
Capital outlay on Security Printing Press	...	—3,61,991	...	4,000	...	—1,11,000
Railway Capital not charged to Revenue	...	6,75,63,463	...	81,28,000	...	3,30,00,000
Construction of Irrigation, etc., Works	...	8,746	...	...	...	...
Capital outlay on Posts and Telegraphs	...	87,91,676	...	19,66,000	...	15,80,000
Capital outlay on Vizagapatam Port	...	36,48,367	...	54,00,000	...	49,80,000
Capital outlay on Light-houses and Light-ships	...	...	...	...	...	...
Currency Capital outlay	...	—5,643	...	1,000	...	—78,000
Initial expenditure on New Capital at Delhi	...	14,60,663	...	...	...	...
Payment of commuted value of pensions	...	42,31,942	...	65,76,000	...	60,65,000
Payments to Retrenched Personnel	...	1,45,487	...	12,41,000	...	—1,37,000
Debt, Deposits, Advances and Remittances—						
Permanent Debt	...	47,83,695	24,48,08,000	...	...	17,08,55,000
Floating Debt	40,03,76,548	...	...	43,41,75,000	...	8,00,00,000
Unfunded Debt	10,18,08,164	...	18,02,39,000	...	13,36,43,000	...
Deposits and Advances	...	4,28,61,492	3,25,34,000	...	8,28,44,000	...
Loans and Advances by Central Government	...	12,68,47,545	...	8,91,47,000	...	3,71,72,000
Remittances	...	1,22,06,651	...	3,53,000	1,21,000	...
Balances of Provincial Governments	...	1,59,67,570	2,51,00,000	...	...	46,00,000
Opening Balance	24,68,07,683	...	33,84,43,305	...	39,58,13,305	...
Closing Balance	...	33,64,43,305	...	29,58,13,305	...	17,68,46,305
TOTAL	74,90,51,245	74,90,51,245	84,28,04,305	84,28,04,305	51,48,83,305	51,48,82,305

Explanatory Memorandum

by the

Financial Secretary.

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INTRODUCTORY.

Unless otherwise stated, the amounts mentioned are in lakhs of rupees; and the expressions "last year", "current year" and "next year" stand for the financial years 1931-32, 1932-33 and 1933-34 respectively.)

REVENUE AND EXPENDITURE.

1. The following statement gives the revenue and expenditure of the Central Government since 1921-22. The sterling amounts are converted into rupees at the average of the daily rates for telegraphic transfers in Calcutta on London in each year. The rate of conversion has been assumed to be 1s. 6 1/16d. in 1932-33 and as usual 1s. 6d. in 1933-34.

Year.	(1) Revenue excluding transfer from Revenue Reserve Fund.	(2) Expenditure excluding transfer to Revenue Reserve Fund and provision for Reduction or Avoidance of Debt.	(3) Balance of (1) and (2).	(4) Provision for Reduction or Avoidance of Debt and Transfers to or from Revenue Reserve Fund.	(5) Final Surplus (+) Deficit (—).
1921-22 . . .	1,15,21	1,38,40	—23,19	4,46	—27,65
1922-23 . . .	1,21,41	1,31,88	—10,47	4,55	—15,02
1923-24 . . .	1,33,17	1,27,16	+6,01	3,62	+2,39
1924-25 . . .	1,38,04	1,28,58	+9,46	3,78	+5,68
1925-26 . . .	1,33,33	1,25,05	+8,28	4,97	+3,31
1926-27 . . .	1,31,70	1,23,77	+7,93	(a) 7,93	..
1927-28 . . .	1,25,04	1,22,22	+2,82	(b) 2,82	..
1928-29 . . .	1,28,24	1,23,83	+4,36	(c) 4,68	—32
1929-30 . . .	1,32,69	1,26,68	+6,01	5,74	+27
1930-31 . . .	1,24,60	1,30,04	—5,44	6,14	—11,58
1931-32 . . .	1,20,62	1,25,48	—4,86	6,89	—11,75
1932-33 (Revised)	1,27,13	1,18,12	+9,01	6,84	+2,17
1933-34 (Budget)	1,24,35	1,17,22	+7,13	6,88	+25

(a) After adding 2,96 transferred to Revenue Reserve Fund.

(b) After deducting 2,22 transferred from Revenue Reserve Fund.

(c) After deducting 74 transferred from Revenue Reserve Fund.

2. In these figures above all receipts on revenue account are included in the total of revenue and all outlay in the total of expenditure, with the main exceptions that the working expenses of railways, irrigation works and posts and telegraphs, and the surplus profits paid to certain railway companies, are treated not as expenditure but as a deduction from revenue. The figures of gross revenue thus include the net receipts of railways and other commercial undertakings without any deduction on account of interest charges and also the total receipts under tax revenue without eliminating the cost of collection. Further, military expenditure is shown gross, the military receipts being included under revenue. To present a real picture of the revenue available for administrative purposes and the expenditure on such purposes, an analytical table of the net revenue and expenditure of the Central Government is given below.

TABLE I.

Year.	Tax revenue less cost of collection (a).	Other revenue net excluding Military receipts.	Total net revenue.	Interest on Debt.	Reduction or Avoidance of Debt.	Defence expenditure net.	Other expenditure charged to revenue but omitting cost of collection of tax revenue.	Total expenditure charged to revenue.	Surplus + Deficit —.
1921-22 .	60.78	20.52	81.30	13.70	4.46	69.81	20.98	1,08.95	—27.65
1922-23 .	64.41	24.23	88.64	13.87	4.55	65.27	19.97	1,03.86	—15.02
1923-24 .	66.66	34.03	1,00.69	15.97	3.62	56.23	22.48	98.30	+2.39
1924-25 .	67.54	31.91	99.45	14.90	3.78	55.63½	19.46	93.77	+5.68
1925-26 .	68.10	28.11	96.21	13.37	4.97	56.00	18.56	92.90	+3.31
1926-27 .	67.96	27.09	95.05	11.77	4.97	55.97	19.38	92.09	+2.96(b)
1927-28 .	68.12	19.18	87.30	10.57	5.04	54.79	19.12	89.52	—2.22(c)
1928-29 .	71.63	16.38	88.51	10.20	5.42	55.10	18.85	89.57	—1.06(d)
1929-30 .	71.74	20.69	92.43	10.85	5.74	55.10	20.47	92.16	+27
1930-31 .	66.54	15.31	81.85	11.28	6.14	54.30	21.71	93.43	—11.58
1931-32 .	69.52	9.33	78.85	12.83	6.89	51.76	19.12	90.60	—11.75
1932-33 (Revised)	77.08	7.67	84.75	11.30	6.84	46.74	17.70	82.58	+2.17
1933-34 (Budget)	74.61	6.67	81.28	10.79	6.88	46.20	17.16	81.03	+25

(a) Excludes share of additional revenue from import and excise duties on motor spirit payable to Road Development Fund

(b) Accounts figure is nil, as the surplus of 2.96 was transferred to Revenue Reserve Fund.

(c) Accounts figure is nil, as the deficit of 2.22 was met out of transfer from Revenue Reserve Fund.

(d) Accounts figure is —32, as the deficit was met to the extent of 74 by transfer from Revenue Reserve Fund.

3. The figures in the above table are further analysed in the five tables that follow :—

TABLE II.
Analysis of Revenue and Expenditure of the Central Government.

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
Year.	Tax Revenue.	Cost of collection.	Net Tax Revenue.	Net Revenue from Commercial Departments.	Optium (Receipts less expenditure).	Currency and Mint (Receipts less expenditure).	Interest Receipts.	Provincial Contributions.	Extraordinary receipts.	Other Revenue.	Total Net Revenue.	Interest on Debt.	Reduction or Avoidance of Debt.	Transfer to Revenue Reserve Fund.	Extraordinary payments.	Police expenditure Net.	Other expenditure.	Not Capital Outlay of Commercial Departments (Posts and Telegraphs and Irrigation) charged to revenue.	Total Net expenditure.	Surplus + Deficit.
1921-22.	63.78	3.00	60.78	-7.01	1.27	3.30	1.11	9.83	...	9.15	78.43	13.70	4.46	...	...	69.61	17.01	1.10	1,06.08	-37.65
1922-23.	67.38	3.97	64.41	4.00	1.93	2.59	1.16	9.30	...	2.37	85.74	13.87	4.55	...	...	81.27	18.69	18	1,00.76	-15.02
1923-24.	69.14	3.48	65.66	8.97	1.66	2.14	3.16	9.30	2.60	2.72	97.11	15.97	3.63	...	3.41	56.23	15.88	-37	94.72	+2.39
1924-25.	70.24	3.70	67.54	7.11	1.44	3.28	3.41	9.30	2.54	1.86	96.38	14.90	3.78	...	1	55.63	(a)16.75	-37	90.70	+5.68
1925-26.	71.06	3.86	68.10	5.78	2.04	3.94	4.22	6.20	63	3.48	93.39	13.37	4.97	...	26	56.00	(a)17.00	-1.53	90.08	+3.31
1926-27.	70.83	3.87	67.96	9.09	3.33	3.39	4.09	5.17	60	2.65	93.28	11.77	4.97	3.96	4	55.97	(a)17.39	18	93.28	...
1927-28.	71.13	3.01	68.13	5.92	3.07	1.90	3.92	...	14	2.78	85.55	10.57	5.04	-2.22	18	54.79	(a)16.09	20	85.55	...
1928-29.	(a)74.77	3.14	71.63	4.52	2.73	2.17	3.50	...	30	3.11	87.25	10.20	5.43	-7.4	1	55.10	(a)17.42 and (b)	16	87.57	-83
1929-30.	(a)74.69	3.25	71.74	5.24	2.55	2.00	4.40	...	1.89	3.38	91.20	10.85	5.74	...	...	55.10	(a)19.11	13	90.93	+27
1930-31.	(a)69.76	3.23	66.54	4.03	1.79	27	3.39	...	99	3.13	80.14	11.28	6.14	...	16	54.30	(a)19.69	15	91.73	-11.68
1931-32.	(a)72.58	3.06	69.52	-1.00	1.29	1.02	2.41	...	21	3.65	77.29	12.63	6.89	...	3	51.76	(a)18.03	-50	86.04	-11.75
1932-33.	(a)60.37	3.19	77.08	-51	9	1.72	1.63	...	2	2.97	83.30	11.30	6.84	...	16	46.74	(a)16.93	7	81.03	+2.17
1933-34.	(a)77.93	3.37	74.61	-62	63	1.10	1.82	...	...	2.53	80.06	10.79	6.88	...	9	40.30	(a)16.81	4	70.91	+46

(a) Excludes share of additional revenue from import and excise duties on motor spirit payable to Road Development Fund.

(b) Includes 5.50 freight tax.

(c) Includes bounties 63 lakhs.

(d) " " " 86 "

(e) Includes bounties 80 lakhs.

(f) " " " 13 "

(g) " " " 4 "

(h) Excludes transfers to Road Development Fund.

(i) Includes 94 lakhs on account of the North-West Frontier Province.

(j) Includes 1.00 " " " "

(k) " " " " "

(l) " " " " "

(m) " " " " "

(n) " " " " "

TABLE III.
Analysis of Tax Revenue.

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
	Revenue from Customs.	Cost of Collection.	Revenue from Taxes on Income.	Cost of Collection.	Revenue from Salt.	Cost of Collection.	Land Revenue.	Cost of Collection.	Revenue from Excise.	Cost of Collection.	Revenue from Stamps.	Cost of Collection.	Revenue from Registration.	Cost of Collection.	Total gross Tax Revenue.	Transfers to Road Development Fund.	Tax revenue retained by Central Government.	Total cost of Collection.	Total net Tax Revenue.
1921-22	34.41	66	21.89	22	6.34	1.56	33	15	54	3	25	37	2	1	63.78	..	63.78	3.00	60.78
1922-23	41.35	71	17.99	45	6.82	1.51	43	13	52	3	25	13	2	1	67.38	..	67.38	2.97	64.41
1923-24	39.70	71	18.23	63	10.01	1.36	43	11	48	2	28	—35	1	..	69.14	..	69.14	2.48	66.66
1924-25	45.75	77	16.01	61	7.39	1.20	38	11	42	2	27	—1	2	..	70.24	..	70.24	2.70	67.54
1925-26	47.78	82	15.86	59	6.33	1.25	38	12	42	11	27	7	2	..	71.06	..	71.06	2.96	68.10
1926-27	47.38	81	15.65	62	6.70	1.20	41	13	41	10	27	1	1	..	70.83	..	70.83	2.87	67.96
1927-28	48.22	85	15.06	66	6.63	1.27	41	11	52	12	27	..	2	..	71.13	..	71.13	3.01	68.12
1928-29	49.28	94	16.70	69	7.60	1.23	38	12	53	15	31	1	2	..	74.82	5	74.77	3.14	71.63
1929-30	51.28	97	16.71	72	6.76	1.27	38	11	55	17	27	1	2	..	75.97	98	74.99	3.25	71.74
1930-31	46.81	93	16.00	75	6.83	1.26	34	10	47	17	28	1	1	..	70.74	98	69.76	3.22	66.54
1931-32	46.44	90	17.49	74	8.58	1.16	34	9	51	16	23	1	1	..	73.60	1.02	72.58	3.06	69.52
1932-33																			
(Revised)	52.29	94	17.70	78	10.38	1.12	18	6	42	15	36	14	1	..	81.34	1.07	80.27	3.19	77.08
1933-34																			
(Budget).	51.25	98	18.06	85	8.75	1.15	18	6	42	15	38	18	1	..	79.05	1.07	77.98	3.37	74.61

TABLE IV.
Analysis showing how net Interest figure in Table II is arrived at.

	Amounts charged to						Interest on other obligations.										Total Interest payments (Net).				
	Gross Interest on Ordinary Debt.	Railways.	Irrigation.	Posts and Telegraphs.	Provincial Loans Fund.	Other heads.	Total deductions.	Net Interest on Ordinary Debt.	Bonus on Cash Certificates.	Post Office Savings Bank.	Provident Funds.	Service Funds.	Fixed Deposits of Provincial Governments.	Famine Relief Fund.	Railway Reserve Fund.	Railway Depreciation Fund.		P. & T. Depreciation Fund.	Other items.	Total Interest on other obligations.	
1921-22	30.00	19.94	12	57	2.58	..	18.91	11.09	14	62	1.56	99	11	..	..	..	..	18	2.61	13.70	
1922-23	30.88	16.35	12	59	3.02	..	20.08	10.80	48	63	1.58	11	11	..	..	..	..	25	3.07	13.87	
1923-24	35.03	17.57	12	64	3.75	..	22.08	12.95	28	67	1.67	11	11	..	..	..	..	20	3.02	15.87	
1924-25	37.56	21.23	12	69	4.21	3	26.28	11.28	16	71	1.85	10	10	..	14	14	..	45	3.62	14.90	
1925-26	38.12	23.14	12	51	5.21	..	29.04	9.08	16	74	2.05	10	10	6	17	34	20	46	4.29	13.37	
1926-27	37.31	24.30	12	58	5.35	9	30.44	6.87	16	79	2.07	10	10	..	18	37	27	53	4.90	11.77	
1927-28	37.46	25.75	12	62	5.46	14	32.09	5.37	23	87	2.21	10	21	20	20	48	33	54	5.20	10.57	
1928-29	38.70	27.82	12	70	5.88	15	34.87	4.03	60	98	2.38	10	17	20	65	41	5	63	6.17	10.20	
1929-30	40.34	29.09	12	73	6.20	18	36.32	4.02	73	1.03	2.54	12	23	16	74	53	7	68	6.83	10.85	
1930-31	41.67	31.34	13	84	6.55	21	39.07	2.60	2.00	1.05	2.93	13	22	16	58	74	11	76	8.68	11.28	
1931-32	44.67	31.76	13	79	7.25	24	40.17	4.40	2.06	1.08	3.10	13	7	15	14	79	13	78	8.43	12.83	
1932-33																					
(Revised)	43.25	31.61	3	83	8.04	25	40.76	2.49	2.20	1.18	3.40	13	6	13	..	..	77	14	80	8.81	11.30
1933-34																					
(Budget).	42.35	31.63	3	89	8.36	28	41.19	1.16	2.55	1.29	3.77	14	5	11	..	..	73	16	83	9.83	10.79

NOTE.—An important point to notice in connection with the amount debited to the Budget during the years included in the above Table is that nothing like a full percentage on the outstanding Post Office Cash Certificates was included until 1930-31. The amounts of Certificates outstanding during these years were :—

	Amount of Certificates outstanding (Mean of opening and closing balances).	Provision for bonus.	Percentage to capital outstanding of interest charges actually borne on budget.	Amount of Certificates outstanding (Mean of opening and closing balances).	Provision for bonus.	Percentage to capital outstanding of interest charges actually borne on budget.
1921-22	4.56	14	3.1	1926-27	16	7
1922-23	3.56	48	12.9	1927-28	23	8
1923-24	3.73½	28	4.9	1928-29	60	1.9
1924-25	5.77	16	1.5	1929-30	33.65	2.2
1925-26	10.76	16	-9	1930-31	73	5.4
	17.03			1931-32	36.72	5.0
				1932-33	2.06	
				(Estimate)		
				1933-34	2.20	4.4
				(Estimate)	2.55	4.5

TABLE V.

Analysis of main heads of 'Other expenditure' Column 18 in Table II.

	Forest Expenditure.	Total Civil Administration.	Miscellaneous.						Total.		Commutation of Pensions.	Civil Works.	Salt, Stamp and Forest Capital outlay charged to revenue.	Total other Central expenditure.	
			Famine.	Territorial, etc., Pensions.	Superannuation, etc., allowances.	Stationery and Printing.	Miscellaneous.								
1921-22	47	9,41	3	30	3,44	79	1,03	5,59	..	1,54	..	17,01			
1922-23	39	9,94	1	29	3,61	62	68	5,21	..	1,35	..	16,89			
1923-24	36	9,34	..	29	2,97	51	69	4,46	..	1,70	..	15,86			
1924-25	31	10,13	..	31	2,86	35	83	4,35	..	1,78	18	16,75			
1925-26	30	10,77	1	30	2,90	34	71	4,26	..	1,80	7	17,00			
1926-27	32	11,14	1	31	2,62	31	71	3,96	..	1,90	7	17,39			
1927-28	31	11,21	..	29	2,51	26	65	3,71	5	1,68	13	16,99			
1928-29	33	11,44	..	28	2,45	56	73	4,02	4	1,55	4	17,42			
1929-30	35	12,66	..	32	2,66	55	88	4,41	4	1,60	5	19,11			
1930-31	36	13,34	..	32	2,56	55	81	4,24	6	1,65	4	19,69			
1931-32	32	12,17	..	31	2,68	58	74	4,31	3	1,19	1	18,03			
1932-33 (Revised)	23	9,66	..	32	2,74	37	73	4,16	9	77	3	(a) 14,98			
1933-34 (Budget)	22	9,59	..	31	2,80	38	60	4,09	2	87	2	14,81			

TABLE VI.

Analysis of the total expenditure on Civil Administration in Table V.

	General Administration.	Audit.	Administration of Justice.	Jails and Convict Settlements.	Police.	Ports and Pilotage.	Lighthouses and Lightships.	Ecclesiastical.	Political.	Watch and Ward.	Scientific Departments.	Education.	Medical.	Public Health.	Agriculture.	Industries.	Civil Aviation.	Miscellaneous Departments.	Indian Stores Department.	Total.
1921-22 . . .	1,93	70	10	45	88	24	..	31	2,26	..	1,12	31	31	16	21	1	1	41	..	9,41
1922-23 . . .	2,04	75	11	41	89	23	..	30	3,04	..	91	31	32	16	21	..	..	26	..	9,94
1923-24 . . .	1,56	75	13	36	84	23	..	29	2,98	..	85	31	28	11	24	1	..	40	..	9,34
1924-25 . . .	1,54	78	12	36	94	25	..	31	3,16	..	76	32	26	17	31	61	..	24	..	10,13
1925-26 . . .	1,56	84	13	36	96	32	..	32	3,37	..	80	32	29	13	27	86	1	23	..	10,77
1926-27 . . .	1,66	85	15	37	93	35	..	32	3,32	..	85	38	30	17	27	82	13	11	16	11,14
1927-28 . . .	1,72	89	14	35	69	33	..	32	1,58	2,50	91	48	30	17	29	15	10	12	17	11,21
1928-29 . . .	1,88	97	15	35	74	29	..	32	1,58	2,54	93	45	31	19	30	7	5	13	19	11,44
1929-30 . . .	2,25	1,02	15	42	76	25	14	32	1,62	2,69	94	52	32	21	46	3	20	15	21	12,66
1930-31 . . .	2,13	1,03	15	48	93	26	12	32	1,96	2,78	93	62	32	19	48	3	23	29	9	13,34
1931-32 . . .	1,98	1,01	16	39	88	26	11	30	1,64	2,39	86	62	30	17	35	2	20	44	9	12,17
1932-33 (Revised)	1,54	94	9	25	56	23	10	28	1,45	2,19	63	35	22	13	30	2	10	21	9	9,68
1933-34 (Budget)	1,57	1,01	8	25	54	24	10	29	1,37	2,18	67	30	24	14	24	2	10	18	7	9,59
Savings from cut in pay in—																				
1932-33 . . .	8	10	1	1	1	1	..	2	6	..	1	4	1	1	1	..	..	1	2	41
1933-34 . . .	4	6	..	..	1	1	..	1	3	1	2	..	1	..	1	..	..	1	1	22

BUDGET FOR 1933-34.

ACCOUNTS, 1931-32.

4. The Accounts for 1931-32 show a deficit of 11,75 or 1,91 less than the revised estimate. The principal variations in the actuals from the revised estimate are as follows:

Revenue.			
Increases.	Decreases.		
Customs	21	Currency and Mint	7
Taxes on Income	18	Railways	25
Salt	10		
Opium	9		
Posts and Telegraphs	26		
Interest	16		
Defence	6		
Other heads	14		
Total increase in revenue	88		

<i>Expenditure.</i>			
		Increases.	Decreases.
Defence	6	Posts and Telegraphs	9
Miscellaneous	13	Debt Services	30
		Civil Administration	16
		Currency and Mint	28
		Extraordinary	7
		Railways	25
		Other heads of expenditure	8
		Total decrease in expenditure	1,03

5. Of the total improvement of 1,91 in the final outturn of the year 1931-32, as compared with the revised estimate, tax revenue and finance heads account for 54 and 68 respectively or 1,22 together. Owing mainly to larger savings from retrenchment and economy, the net loss on the working of the Posts and Telegraphs Department was actually 94 against 1,29 in the revised estimate. The balance of the improvement 34 is chiefly accounted for by reduction in administrative expenditure and is distributed over all the heads of expenditure.

Revised estimate, 1932-33.

6. As stated in the Explanatory Memorandum of last year an emergency budgetary plan was introduced in September 1931 with the declared object of restoring equilibrium and closing the year 1932-33 with a surplus to set against the deficit for 1931-32. The following table compares the emergency plan with the results now anticipated.

	Revenue.	Expenditure.	Surplus or Deficit.	Proposed reduction in normal provision for reduction or avoidance of debt.	Final Surplus or Deficit.
Emergency budget—					
1931-32	1,26,13	1,33,30	—10,17	2,47	—7,70
1932-33 .	1,33,06	1,27,83	+5,23	2,47	+7,70
Combined result for both years	2,59,19	2,64,13	—4,94	4,94	..
Estimate at Budget Session, March 1932—					
1931-32 (Revised) . . .	1,20,77	1,34,43	—13,66	..	—13,66
1932-33 (Budget) . . .	1,29,96	1,27,81	+2,15	..	+2,15
Combined result for both years	2,50,73	2,62,24	—11,51	..	—11,51
Present Estimates—					
1931-32 (Actuals) . . .	1,21,64	1,33,39	—11,75	..	—11,75
1932-33 (Revised) . . .	1,27,13	1,24,96	+2,17	..	+2,17
Combined result for both years	2,48,77	2,58,35	—9,58	..	—9,58

7. It will be observed that revenue for the two years is 10,42 less than was forecasted in September 1931, but expenditure is down by 5,78. The reduction in expenditure is accounted for largely by savings in interest charges owing to the period of cheap money which has supervened; but there has also been a realisation of administrative economies beyond what Government felt safe in hoping for last year.

8. The following table shows in detail the variations under the main heads of account and the position is further explained in the section-notes on certain heads of revenue and expenditure.

BUDGET FOR 1933-34.

Revenue.

(In lakhs of Rupees.)

Heads of Account.	1931-32.			1932-33.			1933-34.
	Revised Estimate (Sept. '31).	Revised Estimate (Feb. '32).	Actuals.	Forecast (Sept. '31).	Budget Estimate (Feb. '32).	Present Revised Estimate.	Present Forecast.
<i>Revenue.</i>							
Customs { Petrol tax for Road Fund		1,00	1,02		1,14	1,07	1,07
Customs { Other items .		45,23	45,42		51,17	51,22	50,18
Taxes on Income . .		17,30	17,49		18,73	17,70	18,06
Salt		8,48	8,58		9,44	10,38	8,75
Opium		1,98	2,07		1,33	95	1,20
Other principal heads of revenue		2,15	2,19		1,79	1,90	1,89
Irrigation less working expenses		9	13		2	1	..
Interest		2,25	2,41		1,80	1,83	1,82
Civil Administration . .		95	94		90	90	83
Civil Works		24	24		27	21	22
Currency and Mint . .		1,85	1,78		3,31	2,41	1,75
Miscellaneous		1,58	1,57		67	93	57
Extraordinary Receipts .		16	21		24	2	..
Provincial contributions and miscellaneous adjustments between Central and Provincial Governments .		..	..		..	..	..
Posts and Telegraphs : Receipts less working expenses		—43	—16		79	34	30
Railways : Receipts less working expenses		33,87	33,62		34,18	33,41	33,39
Defence Receipts		4,07	4,13		4,18	3,85	4,32
TOTAL	1,26,13	1,20,77	1,21,64	1,33,06	1,29,96	1,27,13	1,24,35

BUDGET FOR 1933-34.

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Expenditure.

(In lakhs of Rupees.)

Heads of Account. <i>Expenditure.</i>	1931-32.			1932-33.			1933-34.
	Revised Estimate (Sept. '31).	Revised Estimate (Feb. '32).	Actuals.	Forecast (Sept. '31).	Budget Estimate (Feb. '32).	Present Revised Estimate.	Present Fore- cast.
Customs		92	90		91	94	98
Taxes on Income		73	74		83	78	85
Salt		1,16	1,16		1,14	1,12	1,15
Opium		81	80		72	86	57
Other heads recording direct demands on the revenue		58	57		57	59	61
Irrigation : Interest and Miscellaneous charges		20	19		4	5	4
Civil Administration		12,32	12,17		9,65	9,68	9,59
Currency and Mint		1,04	76		70	69	64
Civil Works { Transfer to Road Fund		1,00	1,02		1,14	1,07	1,07
Other items		1,23	1,19		80	77	87
Superannuation Allow- ances and Pensions		2,61	2,68		2,62	2,74	2,81
Miscellaneous		1,57	1,63		1,36	1,41	1,28
Extraordinary payments Posts and Telegraphs : Interest on Debt		10	3		22	16	9
Railways : Interest and Miscellaneous charges		86	78		95	81	88
Defence Services		33,87	33,62		34,18	33,41	33,39
Interest		55,83	55,89		50,92	50,59	50,52
Reduction or Avoidance of Debt		13,14	12,83		13,11	11,30	10,79
Miscellaneous adjustment, etc.		6,89	6,80		6,82	6,84	6,88
Capital expenditure financed from Reve- nue :		..	..		1,02	96	1,00
Posts and Telegraphs		—48	—52		6	7	4
Other Works		3	3		3	3	3
Commutation of Pen- sions		2	3		2	9	2
TOTAL	1,36,30	1,34,43	1,33,39	1,27,83	1,27,81	1,24,96	1,24,10

BUDGET FOR 1933-34.

Budget estimate, 1933-34.

9. It is difficult in present conditions to frame any accurate estimate of revenue. The estimates which are now put forward for 1933-34, are based generally, and in particular with regard to customs revenue, on the assumption that conditions in 1933-34 will not differ markedly from those experienced this year; that it would be unsafe to prophesy any large immediate improvement; but that on the other hand it is reasonable to hope that there will be no further deterioration.

10. The estimate of salt revenue has been based on the current figures of consumption and allows for the extra three months' receipts in the current year from the final abolition of the credit system of sales.

11. The revised estimate of Taxes on Income for the current year has been repeated for 1933-34 after making allowance for additional revenue from the imposition of surcharge on official salaries with the partial removal of the cut in pay, and also taking into account the reduction in the rate of taxes on lower incomes carried out in the Indian Finance Act 1933 as finally passed.

12. The total revenue and expenditure figures on this basis are :—

Revenue.	Expenditure.	Surplus.
1,24,35	1,24,10	25

The details under the main heads of account are shown in the table in paragraph 8. It will be observed from that table that even allowing for the partial restoration of the cut in pay the cost of the main services shows no increase for next year as mentioned below, the additions to pay having been offset by other economies.

	1931-32, Actuals.	1932-33, Revised.	1933-34, Forecast.
Defence Services (net)	51,76	46,74	46,20
Civil Administration	12,17	9,68	9,59
Civil Works (excluding Road Fund)	1,19	77	87
Collection of Taxes (Customs, Taxes on Income, Salt and Opium)	3,60	3,70	3,55
Interest	2,83	14,30	10,70
Net loss on Posts and Telegraphs	94	47	58

BUDGET FOR 1933-34.

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NOTES ON CERTAIN HEADS OF REVENUE AND EXPENDITURE,

CUSTOMS.

	Revenue (Receipts <i>less</i> Refunds).	Expenditure.	Net revenue.
1929-30	51,27·66	97·51	50,30·15
1930-31	46,80·76	93·39	45,87·37
1931-32	46,43·67	90·50	45,53·17
1932-33 { Budget	52,31·27	91·03	51,40·24
{ Revised	52,28·55	93·76	51,34·79
1933-34 Budget	51,24·60	97·60	50,27·00

13. The details are as follows :—

	Accounts, 1929-30.	Accounts, 1930-31.	Accounts, 1931-32.	1932-33.		Budget, 1933-34.
				Budget.	Revised.	
REVENUE.						
SEA CUSTOMS.						
IMPORTS.						
<i>Non-protective Special Duties.</i>						
Wheat and wheat flour	..	..	2·06	·03	10·00	..
Liquors—						
(a) Ale, beer, porter, cider and other fermented liquors	24·58	23·85	31·55	32·95	35·00	35·00
(b) Spirits and Liqueurs	2,15·10	2,08·59	1,47·47	1,67·04	1,72·00	1,75·00
(c) Wines	14·61	12·91	11·28	13·29	13·00	14·00
Molasses	8·35	10·50	10·00	10·00	4·00	4·00
Tobacco	2,27·90	1,26·60	1,06·12	1,43·19	1,25·00	1,20·00
Coal, coke and patent fuel	1·19	·91	·36	·83	·25	·25
Tin, block	7·13	6·59	6·40	6·16	7·25	7·25
Oils { Kerosene	1,64·38	1,50·25	1,79·96	1,79·28	1,50·00	1,50·00
{ Motor spirit	16·35	32·32	67·12	80·00	40·00	40·00
{ Other mineral oils	28·26	29·32	31·26	32·00	30·00	30·00
Cotton, raw	..	..	23·10	32·30	62·00	62·00

BUDGET FOR 1933-34.

	Accounts, 1929-30.	Accounts, 1930-31.	Accounts, 1931-32.	1932-33.		Budget, 1933-34.
				Budget.	Revised.	
REVENUE—contd.						
SEA CUSTOMS—contd.						
IMPORTS—contd.						
Non-protective Special Duties—contd.						
Boots and shoes	..	..	11'53	14'45	27'00	27'00
Arms, ammunition and military stores	5'84	5'12	6'96	8'02	4'50	4'50
Motor cars and cycles	95'01	72'31	63'20	80'63	60'00	65'00
Wireless reception instruments and apparatus	..	56	1'04	42	2'25	2'25
Silver bullion, coin, sheets and plates not manufactured	17'70	2,32'64	93'58	1,60'00	8'00	25'00
Artificial silk yarn and thread	7'42	6'63	11'47	10'23	19'00	20'00
Cotton yarn and thread	45'16	30'09	37'22	47'05	55'00	48'00
Silk and artificial silk mixtures	7'33	5'26	17'53	26'87	45'00	45'00
Portland Cement (excluding white Portland cement)	10'52	10'00	10'43	16'39	11'50	12'00
Other articles	3'49	5'09	12'38	5'13	6'00	6'00
Duty at 2½ per cent.						
Vinegar and other articles	25	20	16	16	10	10
Duty at 10 per cent.						
Dyes and colours	..	..	11'05	20'55	18'00	20'00
Machinery	..	..	52'80	1,00'00	1,15'00	1,15'00
Metals—Iron and Steel	43'91	35'28	33'41	30'05	30'50	30'50
Railway plant and rolling stock	20'60	16'27	10'85	14'20	6'00	6'00
Other articles	41	58	1'05	29	75	75
Duty at 15 per cent.						
Articles of food and drink (excluding sugar and vinegar and grain and pulse but including flour, other than wheat flour)	1,77'00	1,50'13	1,25'05	1,47'49	1,31'00	1,40'00
Raw materials and articles mainly unmanufactured	73'64	57'73	71'18	69'03	1,03'00	1,03'00
Articles wholly or mainly manufactured—						
(a) Cutlery, hardware, implements and instruments	1,40'81	1,11'18	1,20'46	1,35'90	1,40'00	1,50'00
(b) Metals, other than Iron and Steel	75'01	66'08	62'17	69'13	1,00'00	1,00'00
(c) Yarn and textile fabrics (including short fents of cotton cloth but excluding artificial silk yarn, cotton yarn and silk and artificial silk manufactures)	1,59'18	93'84	1,10'80	1,20'33	1,42'00	1,50'00
(d) Pneumatic rubber tyres and tubes	87'29	30'82	34'12	40'56	40'00	40'00
(e) All other articles wholly or mainly manufactured	4,86'33	3,42'38	3,81'10	4,03'62	4,35'00	4,40'00
Miscellaneous	63'55	55'88	62'87	74'73	62'00	65'00
Duty at 30 per cent.						
Spices	..	..	21'27	24'47	19'00	19'00
Silk and artificial silk piece-goods and other manufactures of the same	79'00	50'16	1,07'49	1,12'77	2,50'00	2,50'00
Cinematograph films exposed	..	..	5'29	6'58	6'70	7'00
Betelnuts	..	..	59'40	62'80	57'00	57'00
Other articles	1,05'27	69'64	91'25	1,11'25	1,25'00	1,25'00

BUDGET FOR 1933-34.

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	Accounts, 1929-30.	Accounts, 1930-31.	Accounts, 1931-32.	1932-33.		Budget, 1933-34.
				Budget.	Revised.	
REVENUE—concl'd.						
SEA CUSTOMS—concl'd.						
IMPORTS—concl'd.						
Protective Special Duties.						
Heavy Chemicals	..	..	2'65	3'77	4'50	4'00
Iron and Steel { (a) Liable to addi- (b) Not liable to addi- tional duties	2,13'28	1,43'39	1,15'75	1,36'99	1,10'00	1,10'00
Silver wire, thread and other manu- factures	..	5'63	6'25	8'38	8'00	8'00
Paper and Stationery	29'41	21'32	20'35	25'55	21'00	21'00
Sugar and Sugarcandy excluding con- fectionary	8,61'35	10,68'47	8,00'07	8,50'00	7,10'00	6,10'00
Cotton piece-goods	5,83'63	8,73'45	3,70'88	3,79'15	6,40'00	6,10'00
Matches, match-splints and veneers	13'94	3'75	1'08	1'75	50	..
Wood pulp	..	..	1'19	..	8'00	8'00
Government Stores.						
Articles liable to protective duties—						
Iron and Steel { (a) Liable to addi- (b) Not liable to addi- tional duties	58'73	63'82	45'98	47'43	30'00	30'00
Paper and Stationery						
Railway plant and rolling stock (non-protective)						
Others						
TOTAL IMPORTS	40,72'81	37,29'49	36,07'89	41,13'98	42,10'80	41,22'60
Export duties—						
(a) Hides and skins, raw	35'49	24'80	20'23	25'55	14'00	14'00
(b) Jute (raw and manufac- tured)	4,86'24	3,44'28	3,10'01	3,25'32	3,00'00	3,00'00
(c) Rices	1,20'48	90'61	95'28	90'69	75'00	75'00
(d) Government Stores	..	..	..	..	..	..
Total Exports	6,22'21	4,59'69	4,25'52	4,41'56	3,89'00	3,89'00
Sea Customs—Miscellaneous	12'15	9'77	7'88	8'95	7'00	7'00
Land Customs	1,14'02	1,51'10	1,07'55	1,21'55	80'00	70'00
Excise Duty on Motor Spirit	2,81'13	2,68'33	3,47'61	3,75'61	3,90'00	3,90'00
Excise Duty on Kerosene	95'70	1,43'81	2,43'43	2,63'00	2,75'00	2,70'00
Excise Duty on Silver	..	16'80	22'93	20'00	75	..
Warehouse and wharf rents and Miscellaneous	5'65	5'49	4'43	4'92	4'00	4'00
TOTAL RECEIPTS	52,08'67	47,94'28	47,71'77	53,49'47	53,58'55	52,52'60
Deduct—Refunds	78'01	1,03'52	1,28'10	1,18'20	1,28'00	1,28'00
NET TOTAL REVENUE	51,27'66	46,80'76	46,43'67	52,31'27	52,28'55	51,24'60
EXPENDITURE.						
India	96'13	91'70	88'10	89'55	92'07	96'17
England	1'37	1'67	2'39	1'48	1'70	1'43
Exchange	01	02	01	..	01	..
Total	97'51	93'39	90'50	91'03	93'78	97'60

14. The revised estimate of net customs revenue (*i.e.*, gross revenue less refunds) is 3 less than the budget for the year. The decrease is the result of variations under a number of tariff heads of which the more important are the following :

	Revised better + worse — than original budget.
(1) <i>Luxury articles—</i>	
(i) Liquors and tobacco	—11
(ii) Motor cars and cycles	—21
(iii) Other articles subject to duty at 30 per cent.	+1.40
(iv) Motor spirit (customs and excise)	—26
(2) <i>Main articles of general consumption—</i>	
(i) Kerosene	—17
(ii) Cotton piece goods	+2,61
(iii) Sugar (including land customs)	—2,22
(3) <i>Other imported articles—</i>	
(i) Silver (customs and excise)	—1,71
(ii) Raw cotton	+30
(iii) Machinery	+15
(iv) Cotton and artificial silk yarn and thread	+17
(v) All other articles	+64
(4) <i>Exports</i>	—52
(5) <i>Refunds</i>	—10
Total	—3

15. It has been assumed that broadly speaking the conditions next year will be similar to those in the current year. But it has been necessary to allow for a reduction of about one crore in the customs revenue owing to the rapid increase which is taking place in the Indian production of sugar under the shelter of the protective duty.

16. Both the revised and budget estimates have been framed on the basis of the duties in the Indian Tariff Act, 1894, as modified by the Indian Finance Act, 1931, and the Indian Finance (Supplementary and Extending) Act, 1931. It is anticipated that the broad effect of the Ottawa legislation will be to leave the results worked out on this basis materially unaffected.

17. The increase in the revised estimate of expenditure as compared with the original budget is due to larger payments to the Travancore and Cochin Durbars on account of their share of the customs revenue collected at the port of Cochin. The increase in the budget estimate for next year as compared with the revised is due to the reduction in the pay cut from 1st April 1933, to larger provision for overtime and holiday allowances and to a further increase in the payments to the two Durbars referred to above.

TAXES ON INCOME.

		Revenue. (Receipts less re- funds and Pro- vincial Govern- ments' share of Income-tax revenue.)	Expenditure.	Net revenue.
1929-30	. . .	16,70.61	71.85	15,98.76
1930-31	. . .	16,00.33	74.73	15,25.60
1931-32	. . .	17,48.73	73.84	16,74.89
1932-33	{ Budget . .	18,73.38	83.28	17,90.10
	{ Revised . .	17,70.00	77.77	16,92.23
1933-34	Budget . .	18,06.00	84.83	17,21.17

18. The decrease of over a crore in the revised estimate of revenue as compared with the current budget occurs mainly in Bengal and Burma and is due to depressed conditions in 1931-32 on which the assessments of 1932-33 are based.

19. The increase anticipated for 1933-34 is wholly due to allowance made for the imposition of the surcharge and tax on lower incomes on official salaries. The total receipts from the surcharges and the tax on lower incomes are estimated at 3,50 and 53 respectively.

20. As regards expenditure, the saving in the revised is the result of economy in charges for establishment connected with the imposition of the tax on lower incomes and the new surcharge. The increase in the budget for next year as compared with the revised is due mainly to the reduction in the pay cut from the 1st April 1933 and to increments. Provision has also been made for certain additional establishments in the Bombay Circle which were considered essential for safeguarding revenue.

21. The following tables give the usual details :—

	Accounts, 1920-30.	Accounts, 1930-31.	Accounts, 1931-32.	1932-33.		Budget, 1933-34.
				Budget.	Revised.	
REVENUE.						
EXCESS PROFITS DUTY.						
1. Bengal	·01	·01	·01	·01	·01	·01
SUPER-TAX.						
1. India	4·01	3·06	2·76	2·36	3·50	3·03
2. Baluchistan	·25	·14	·16	·14	·01	·01
3. Madras	21·65	18·04	15·69	20·00	17·00	16·00
4. Bombay	95·30	85·64	91·03	98·00	93·50	94·74
5. Bengal	2,65·94	2,48·08	1,72·06	1,75·00	1,48·00	1,52·00
6. United Provinces	19·38	18·02	18·83	21·50	17·04	18·75
7. Punjab	5·88	4·15	4·99	4·51	4·81	2·74
8. Burma	49·60	57·56	49·14	51·00	41·77	40·50
9. Bihar and Orissa	12·49	11·86	13·31	17·50	15·50	17·00
10. Central Provinces	2·90	3·18	2·93	5·33	4·00	3·66
11. North-West Frontier Province	1·21	·36	·63	·73	·04	·45
12. Assam	3·01	2·25	1·84	1·99	1·43	1·12
TOTAL	4,81·57	4,52·34	3,73·37	3,94·11	3,47·00	3,50·00
INCOME-TAX.						
1. India General—						
Civil	60·27	65·81	98·23	81·80	1,06·55	1,05·29
Non-Civil Departments	69·16	71·80	94·06	1,10·90	1,04·00	1,00·50
2. Baluchistan	1·70	1·56	2·14	1·87	1·89	1·81
3. Madras	1,38·71	1,36·38	1,63·23	1,95·10	1,91·60	1,91·20
4. Bombay	3,16·59	3,04·84	3,77·08	4,40·88	4,33·99	4,47·95
5. Bengal	3,97·57	3,68·48	3,42·45	3,81·25	3,00·84	3,07·00
6. United Provinces	74·55	74·52	94·45	95·60	97·50	1,01·75
7. Punjab	62·30	58·44	75·28	78·89	84·83	86·90
8. Burma	1,78·86	1,40·95	1,56·59	1,73·00	1,32·00	1,40·00
9. Bihar and Orissa	47·74	44·69	56·84	69·75	71·45	69·92
10. Central Provinces	37·54	37·74	45·66	47·13	48·02	47·36
11. North-West Frontier Province	9·32	8·30	11·42	11·69	12·53	12·26
12. Assam	19·46	18·66	20·19	21·15	20·10	20·47
13. Quong	·25	·31	·29	·26	·31	·26
TOTAL	14,09·61	13,31·98	15,37·91	16,64·27	15,99·61	16,32·67

BUDGET FOR 1933-34.

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	Accounts, 1929-30.	Accounts, 1930-31.	Accounts, 1931-32.	1932-33.		Budget, 1933-34.
				Budget.	Revised.	
REVENUE—contd.						
MISCELLANEOUS.						
1. India	04	01	01	..	..	..
2. Madras	02	03	03	03	03	03
3. Bombay	04	12	07	12	01	05
4. Bengal	04	..	01	02	02	02
5. United Provinces	10	09	16	.	..	..
6. Punjab	05	03	09	04	04	04
7. Burma	03	50	25	02	12	02
8. Bihar and Orissa	04	03	03	02	07	07
9. Central Provinces	03	09	04	10	08	08
10. North-West Frontier Province	01	..	..	01	01	01
11. Assam	..	..	..	..	..	..
12. England	05	..	..	..	..	..
TOTAL .	45	89	63	36	38	32
Total Receipts from Taxes on Income	18,91.64	17,85.22	19,11.97	20,55.75	19,47.00	19,83.00
Deduct—Refunds—						
India	1,85.28	1,54.25	1,55.02	1,67.05	1,70.00	1,70.00
England	01	..	..	..	..	..
Exchange	..	..	..	..	..	..
TOTAL REFUNDS . .	1,85.29	1,54.25	1,55.02	1,67.05	1,70.00	1,70.00
Deduct—Share of Provincial Govern- ments in Income-tax revenue under the Devolution Rules .	35.74	80.64	3.22	18.32	7.00	7.00
Total Revenue of the Central Gov- ernment	16,70.61	16,00.33	17,48.73	18,73.38	17,70.00	18,06.00
EXPENDITURE.						
India	70.35	73.73	72.88	82.33	77.02	83.60
England	1.49	99	95	95	75	1.23
Exchange	01	01	01	..	..	..
TOTAL .	71.85	74.73	73.84	83.28	77.77	84.83
Distributed as follows—						
Payments to Provincial Govern- ments	81	30	25	21	24	23
Direct expenditure of Central Gov- ernment	71.54	74.43	73.59	83.07	77.53	84.60

BUDGET FOR 1933-34.

22. Income-tax revenue payable to Provincial Governments on the present basis of taxation is :—

	Accounts, 1929-30.	Accounts, 1930-31.	Accounts, 1931-32.	1932-33.		Budget, 1933-34.
				Budget.	Revised.	
Madras . .	7.27	6.75	..	4.00	..	
United Provinces	71	1.40	..	..	..	
Punjab . .	3.60	2.00	..	..	2.15	
Burma . .	11.40	10.36	3.50	7.50	..	
Bihar and Orissa	4.49	3.14	2.13	2.82	2.85	
Central Provinces	2.74	2.65	.08	1.00	..	
Assam . .	5.53	4.34	2.42	3.00	2.00	
TOTAL .	36.74	30.64	8.22	18.32	7.00	70.0

SALT.

		Revenue (Receipts <i>less</i> Refunds and Provin- cial Share).	Expenditure (including Capital Expenditure charged to Revenue).	Net Revenue.
1929-30		6,76.46	1,28.08	5,48.38
1930-31		6,83.22	1,26.40	5,56.82
1931-32		8,57.92	1,15.71	7,42.21
1932-33	Budget	9,43.40	1,15.89	8,27.71
	Revised	10,33.00	1,14.77	9,23.23
1933-34	Budget	8,75.00	1,16.96	7,58.04

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23. The relevant details are given below:—

	Accounts, 1929-30.	Accounts, 1930-31.	Accounts, 1931-32.	1932-33.		Budget, 1933-34.
				Budget.	Revised.	
REVENUE.						
Northern India "(a)	1,54.46	1,44.29	1,84.84	2,44.65	2,94.05	2,50.84
Madras(a)	1,47.53	1,42.87	1,81.85	2,07.90	2,09.38	1,77.28
Bombay (a)	1,59.25	1,60.95	2,08.56	1,83.09	2,09.16	1,62.79
Bengal(b)	1,84.95	2,08.92	2,61.51	2,82.67	3,14.53	2,67.97
Burma (b)	34.67	33.49	41.82	44.03	47.55	43.56
Bihar and Orissa	.01	..	..	.01	.01	.01
Assam	.01	..	..	..	..	..
TOTAL RECEIPTS	6,80.86	6,90.52	8,78.03	9,62.35	10,74.68	9,02.45
<i>Deduct—Refunds</i>	4.42	7.80	6.17	5.95	15.68	10.65
<i>" Deduct—Provincial Share</i>	..	..	13.99	13.00	21.00	16.80
TOTAL REVENUE	6,76.46	6,83.22	8,57.92	9,43.40	10,38.00	8,75.00
EXPENDITURE.						
Cost of salt purchased by Govern- ment	8.29	9.33	7.85	8.37	7.61	7.4
Assignments and compensations	39.70	39.13	36.39	38.19	39.02	39.39
Interest	4.88	4.19	4.18	4.29	4.24	4.34
Depreciation	2.76	2.63	2.51	2.52	2.42	2.42
Other charges	70.79	70.13	63.66	59.21	58.47	60.79
Expenditure on retrenched personnel	..	..	.05	.09	.09	.03
Capital outlay on salt works	1.12	— .02	.03	2.31	2.31	1.76
Total India	1,27.04	1,25.39	1,14.67	1,14.98	1,14.16	1,16.13
England	1.03	1.00	1.03	.71	.61	.83
Exchange	.01	.01	.01	..	..	..
TOTAL	1,28.08	1,26.40	1,15.71	1,15.69	1,14.77	1,16.96

(a) Chiefly excise on local manufacture.

(b) Chiefly duty on imported salt.

24. The Government of India notified the gradual termination of the system of credit sales by limiting credits to 3 months as from the 1st October 1931, and discontinuing the grant of new credits altogether from the 1st April 1932. The change in the system was expected to give an additional revenue of 1,00 each in 1931-32 and 1932-33. The Supplementary Finance Act, 1931, imposed a surcharge of 25 per cent. on the customs and excise duties on salt.

25. Allowing for the increases on account of the surcharge and the abolition of credit sales the total revenue in 1932-33 was estimated at 9.43 excluding refunds and the share of Provincial Governments in the additional revenue collected under the Salt (Additional Import Duty) Act, 1932. The Revised estimate for the current year is now expected to be 10.38 crores, i.e., 95 more than the budget. This increase is due to enhanced receipts from credit sales during the last quarter of 1931-32, which were more than the average sales during the same period in the three previous years and to the absence of any material fall in consumption during the current year.

26. The estimate for next year allows for the disappearance of the special credit in the current year on account of the abolition of the credit system.

27. The figures of salt consumption are given below for the last five years :

	In lakhs of maunds.
1927-28	5.28
1928-29	5.35
1929-30	5.29
1930-31	5.13
1931-32	5.31
1932-33 (Estimate)	5.25
1933-34 (Estimate)	5.25

28. The increase in the expenditure anticipated for the next year is due partly to the partial removal of the pay cut after the 31st March 1933 and partly to larger provision for royalties and compensations.

OPIUM:

	Provision and medical opium.	Excise opium and mis- cellaneous (less refunds).	Total revenue (Receipts less refunds).	Purchase of opium.	Other charges.	Total expendi- ture.	Net revenue.
1929-30	2,31.20	72.90	3,04.10	87.01	11.80	48.81	2,55.29
1930-31	1,81.40	71.87	2,53.27	68.49	10.87	74.36	1,78.91
1931-32	1,56.70	50.71	2,07.41	70.34	9.48	79.77	1,27.64
1932-33 { Budget	80.26	52.87	1,32.63	62.96	8.66	71.62	61.01
{ Revised	46.92	48.00	94.92	78.65	7.71	86.36	86.6
1933-34 Budget	72.71	47.84	1,20.05	49.84	7.52	57.36	62.69

29. The revenue from opium is derived mainly from exports of what is called provision opium to foreign countries. The rest is sold at roughly cost price to Provincial Governments as excise opium for internal consumption in India and is retailed by them to licensed vendors at rates fixed by them and varying from province to province. Opium is exported to foreign countries only after the prescribed import certificate from the Government

of the importing country is produced. The entire quantity is now dealt with under the system of direct sales to Foreign and Colonial Governments, the old auction sales in Calcutta to traders for export to foreign countries having been stopped with effect from the 7th April 1926.

30. It was assumed in the budget for the current year that 2,004 chests of provision opium would be exported during 1932-33. It is now expected that 1,161 chests will be exported during the period April to December 1932 and none during January to March 1933 out of the quota for 1933. This reduction of 843 chests is responsible for the fall of about 34 in the revised estimate for the current year as compared with the budget under revenue from provision and medical opium. It is assumed that the exports of provision opium during 1933-34 will amount to 1,799 chests made up of 1,399 chests out of the quota for 1933 and 400 chests out of the quota for 1934. An anticipated increase of 638 chests in the exports next year accounts for the increase in revenue in the next year's budget.

31. The fall in the revenue from excise opium and miscellaneous receipts in the revised estimate as compared with the budget reflects reduced demand from local Governments. The budget figure for next year is based upon the revised estimate for the current year.

32. There has been an increase in the current year's expenditure of about 16 under purchase of opium wholly due to excess outturn in Malwa and the United Provinces. The saving under Other Charges in the Revised is mainly due to economy on labour effected in the Ghazipur Opium Factory and to the manufacture and despatch of a smaller number of chests for provision opium. The budget provision for the purchase of opium during the next year has been based upon reduced cultivation and a normal crop outturn.

OTHER PRINCIPAL HEADS OF REVENUE AND DIRECT DEMANDS ON THE REVENUE.

		Revenue.	Expenditure (including capital expenditure).	Net revenue.
1929-30		2,25·60	63·35	1,62·25
1930-31		2,03·22	64·19	1,39·03
1931-32		2,19·24	58·42	1,60·82
1932-33	{ Budget	1,79·39	57·33	1,22·06
	{ Revised	1,90·74	59·09	1,31·65
1933-34	Budget	1,89·93	61·53	1,28·40

33. These heads comprise Land Revenue, Excise, Stamps, Forest, Registration and Payments from Indian States. The revised estimate of revenue is based on the progress of actuals and includes certain arrear recoveries; the budget estimate for next year follows the revised, after allowing for the arrear recoveries. The increase in the revised estimate of expenditure is due to the non-realisation of the lump cut made in the original budget under Forests. The further increase in the budget is the result partly of the reduction of the pay cut from the 1st April 1933 and partly of the increase in the revenue from local Governments.

BUDGET FOR 1933-34.

IRRIGATION.

		Revenue (Receipts <i>less</i> Working expenses).	Expenditure (including Capital expenditure charged to Revenue).	Net expenditure.
1929-30		9.96	29.98	20.02
1930-31		4.83	35.56	30.73
1931-32		12.79	21.51	8.72
1932-33	{ Budget	1.86	4.32	2.46
	{ Revised	1.67	5.33	3.66
1933-34	Budget	—14	4.74	4.88

34. Both the budget and revised estimates for the current year include provision for the recovery of an overpayment made to a local Government on account of pensions of officers of the Irrigation Department. The increase in the revised estimate of expenditure as compared with the current budget is due to payment of arrear pensionary charges to another local Government and to flood damages in Baluchistan.

POSTS AND TELEGRAPHS.

	Accounts, 1929-30.	Accounts, 1930-31.	Accounts, 1931-32.	1932-33.		Budget, 1933-34.
				Budget.	Revised.	
INDIAN POSTS AND TELE- GRAPHS DEPARTMENT.						
GROSS RECEIPTS . . .	11,29.49	10,77.86	10,64.60	11,50.78	10,56.88	10,81.84
WORKING EXPENSES—						
India	11,18.65	11,27.52	10,71.41	10,63.04	10,11.35	10,42.46
England	7.45	7.61	9.49	8.70	11.92	8.47
Exchange	.06	.10	.04	..	—04	..
TOTAL	11,26.16	11,35.23	10,80.94	10,71.74	10,23.23	10,50.93
NET RECEIPTS	8.88	—57.37	—16.34	78.99	33.65	..

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	Accounts, 1929-30.	Accounts, 1930-31.	Accounts, 1931-32.	1932-33.		Budget, 1933-34.
				Budget.	Revised.	
INDIAN POSTS AND TELE- GRAPHS DEPARTMENT—contd.						
EXPENDITURE CHARGED TO REVENUE—						
Interest	65.78	76.13	77.51	95.18	81.38	87.61
NET REVENUE	—62.45	—1,33.49	—93.85	—16.19	—47.73	—57.20
CAPITAL OUTLAY CHARGED TO REVENUE—						
India	11.67	13.06	10.82	6.07	6.68	3.61
England	..	..	..	..	..	..
Exchange	..	..	..	..	..	..
TOTAL	11.67	13.06	10.82	6.07	6.68	3.61
CAPITAL OUTLAY NOT CHARGED TO REVENUE—						
India	28.25	53.62	29.50	23.15	19.66	15.80
England	5.78	.88	.45	..	..	..
Exchange	.05	.01	..	..	..	..
TOTAL	34.08	54.51	29.95	23.15	19.66	15.80
INDO-EUROPEAN TELEGRAPH DEPARTMENT.						
GROSS RECEIPTS—						
India	11.81	9.47	..	..	..	..
England	14.02	11.92	..	..	..	..
Exchange	.13	.16	..	..	..	..
TOTAL	25.96	21.55	..	..	..	..
WORKING EXPENSES—						
India	26.02	23.15	..	..	..	..
England	1.76	1.32	..	..	..	..
Exchange	.01	.02	..	..	..	..
TOTAL	27.79	24.49	..	..	..	..
NET RECEIPTS	—1.83	—3.94	..	..	..	..
EXPENDITURE CHARGED TO REVENUE—						
Interest	5.52	6.09	..	..	..	..
NET REVENUE	—7.35	—9.03	..	..	..	..
CAPITAL OUTLAY CHARGED TO REVENUE—						
India	—33	—28	—62.95	..	..	..
England	.04	.04	..	..	..	..
Exchange	..	..	..	..	..	..
TOTAL	—29	—22	—62.95	..	..	..
CAPITAL OUTLAY NOT CHARGED TO REVENUE—						
India	—2.16	—1.07	54.65	..	..	..
England	1.14	—56.53	3.23	..	..	..
Exchange	.01	—59	.04	..	..	..
TOTAL	—1.01	—58.50	58.92	..	..	..

36. It was stated in the Financial Secretary's Explanatory Memorandum of last year that the Government of India had not reached a final decision in regard to one of the most important recommendations of the Posts and Telegraphs Accounts Enquiry Committee, viz., the institution of the Depreciation Fund with an initial opening balance of 8.25 crores equivalent to the amount accrued to the Depreciation Fund on the 1st April 1925. It has now been decided, with the concurrence of the Auditor General, that the following arrangements should be made in connection with the working of the Depreciation Fund of the Posts and Telegraphs Department :—

- (1) The amount at charge of capital should remain unchanged except for the alteration in the depreciated value of the block on 1st April 1925 involved in the enhancement of the effective lives of assets as recommended by the Committee ;
- (2) Contributions to the depreciation fund based on the Committee's revised "lives" should be made with effect from 1st April 1933 on the straight line method ;
- (3) The amount by which the closing balance in the fund on 31st March 1933 falls short of the balance that would have been there had the contributions from 1st April 1925 been made on the straight line method should be treated as a debt to be repaid to the fund by the department out of future profits ;
- (4) Excesses of the costs of renewals and replacements over original costs should be charged as fresh capital outlay ;
- (5) The whole cost of renewals and replacements less the amounts referred to in clause (4) should be charged to the depreciation fund.

The loss in the working of the department during the current year was estimated at 16 in the original budget. It is now anticipated that the loss will be 48, i.e., 32 more than the budget estimate. This deterioration is accounted for by a drop of nearly one crore in revenue, partly counterbalanced by reduction in expenditure. There has been a heavy falling off in the sale of letter stamps and post-cards. There has also been a larger saving from retrenchment measures than was allowed for in the original budget, besides a decrease of 14 under interest charges mainly owing to the acceptance with retrospective effect of the recommendations of the Committee referred to above.

37. The budget estimate of gross receipts for 1933-34 includes 16 on account of interest on the balance in the depreciation fund, which, with effect from next year, will be taken to revenue owing to the adoption of the straight line method for calculation of the annual provision for depreciation. If this credit is excluded the revenue for next year is almost the same as the revised estimate for the current year. The increase of 28 in the budget estimate of working expenses for 1933-34, as compared with the revised, is made up as follows :—

	Increase + Decrease —
Interest on the balance in the Depreciation Fund on the straight line method	+ 22
	+ 15
	+ 28

38. The annual profit or loss in the working of the Department as shown in the accounts and estimates since it was commercialised is given below :—

	Current. Loss—	Progressive. Profit +.
1925-26	+37·03	+37·03
1926-27	+10·25	+47·28
1927-28	—26·15	+21·13
1928-29	—53·83	—32·70
1929-30	—62·45	—95·15
1930-31	—1,33·49	—2,28·64
1931-32	—93·85	—3,22·49
1932-33 (Revised)	—47·73	—3,70·22
1933-34 (Budget)	—57·20	—4,27·42

39. As a result, however, of the acceptance by Government of certain recommendations of the Posts and Telegraphs Accounts Enquiry Committee, the total progressive loss, arising out of the Commercial activities of the department, as shown in the accounts, up to the end of the year 1930-31, has been reduced by approximately Rs. 1½ crores.

INTEREST RECEIPTS.

	Accounts, 1931-32.	Budget, 1932-33.	Revised, 1932-33.	Budget, 1933-34.
India				
{ Interest on loans and advances	92·14	96·55	96·23	1,04·62
{ Interest on advances to railway companies charged to capital	13·11	..	1·42	..
{ Other items	11·98	2·90	2·17	2·21
England				
{ Interest on temporary investment of cash balances, etc.	27·70	20·67	25·82	15·17
{ Excess over £40 millions in the Gold Standard Reserve	38·85	60·00	57·32	60·00
Transfer from Gold Standard Reserve				
Revenue Equalisation Fund	58·00	..	..	..
Exchange	—·83	..	—·29	..
TOTAL	2,40·95	1,80·12	1,82·67	1,82·00

40. The variations in the estimates of the interest on investment of cash balances in England are due to the fact that the amount of the interest earning balance can be foreseen for a portion only of the period covered by the estimates. The fall in the Revised under the head "Excess over £40 million in the Gold Standard Reserve" is due to a fall in discount rates. An increase of 3 is expected in the estimate for 1933-34 as a result of additions in the current year to the interest earning portion of the Reserve held in England. The budget estimate of receipts in India for next year includes 3 representing interest on the value of the assets transferred to the New Delhi Municipality and treated as a loan.

BUDGET FOR 1933-34.

INTEREST PAYMENTS.

	Accounts, 1931-32.	Budget, 1932-33.	Revised, 1932-33.	Budget 1933-34.
<i>Interest on Ordinary Debt—</i>				
Gross payments—				
India	23,66·29	25,78·36	23,08·01	22,06·82
England	20,78·77	20,16·53	20,23·83	20,27·88
Exchange	11·81	..	—7·01	..
Total	44,56·87	45,94·89	43,24·83	42,34·70
<i>Deduct—Amounts charged to—</i>				
Railways	31,75·54	32,33·43	31,60·60	31,63·29
Irrigation	12·79	2·70	2·68	2·79
Posts and Telegraphs	78·91	96·62	82·85	89·08
Other heads	24·47	24·77	25·72	27·48
Provincial Loans Fund	7,25·25	8,14·02	8,04·00	8,36·00
Total deductions	40,16·96	41,71·54	40,75·85	41,18·64
Net	4,39·91	4,23·35	2,48·98	1,16·06
<i>Interest on other Obligations—</i>				
Bonus on Post Office Cash Certificates	2,06·00	2,20·00	2,20·00	2,55·00
Post Office Savings Bank Deposits	1,08·44	1,13·55	1,18·04	1,29·49
Provident Funds	3,10·13	3,42·33	3,40·18	3,76·57
Service Funds	13·05	13·52	13·32	13·92
Fixed Deposits of Provin- cial Governments	6·51	3·50	5·72	5·22
Famine Relief Fund	15·47	15·47	12·92	10·56
Railway Reserve Fund	13·99	..	..	..
„ Depreciation Fund	79·25	85·15	76·99	73·25
Posts and Telegraphs Depre- ciation Fund	12·77	15·02	13·87	16·16
Other items	77·50	78·62	79·74	82·56
Total	8,43·11	8,87·16	8,80·78	9,62·73
Total Interest payments	12,83·02	13,10·51	11,29·76	10,78·79

Interest on Ordinary Debt.

41. Details of payments of Interest on Ordinary Debt will be found in the volume of Demands for Grants. The payments are, as usual, affected by the nature and extent of the ways and means operations, and are broadly summarised below :—

India.

	Budget, 1932-33.	Revised, 1932-33.	Budget, 1933-34.
(i) Service of new rupee loan . . .	25·00	35·47	40·00
(ii) Management of Debt . . .	7·75	7·88	8·15
(iii) Discount on Treasury Bills—			
(a) Paper Currency Reserve . . .	2,86·96	1,63·05	1,03·45
(b) Public	3,14·06	1,54·86	98·17
(iv) Discount and premium written off to revenue	50·85	50·85	74·68
(v) Interest on temporary loans . . .	..	20·00	..
(vi) Interest on all other loans . . .	18,91·84	18,70·15	18,80·05
(vii) Other items	1·90	5·75	2·32
	25,78·36	23,08·01	22,06·82

England.

(i) Interest on War Loan liability . . .	55·74	55·74	87·84
(ii) Interest on loans contracted in England	15,24·53	15,56·47	15,50·94
(iii) Interest on Railway annuities . . .	2,31·66	2,31·66	2,23·99
(iv) Interest on outstanding liabilities of railway companies taken over on purchase	1,34·43	1,34·44	1,34·43
(v) Discount on issue of India Bills . . .	56·00	..	..
(vi) Management of Debt	12·52	33·34	27·36
(vii) Other items	1·65	12·18	3·32
	20,16·53	20,23·83	20,27·88

42. The Indian estimates assume the following figures for Treasury Bill outstandings :—

	1st April 1932.	31st March 1933.	31st March 1934.
Bills outstanding with the public . . .	47,53	28,00	20,00
Bills in the Paper Currency Reserve . . .	49,67	35,28	35,28

44. The provision (£ 658,800) made in the next year's budget for interest on the outstanding liability in respect of the British War Loan allows for a reduction in the rate of interest to 3½ per cent. on the basis of the recent conversion operations of His Majesty's Government and also for instalment repayment of the interest suspended during the period of the Hoover moratorium. The increase in the Revised under 'Interest on loans contracted in England' is due to interest on India 5 per cent. stock issued in June 1932, counterbalanced by savings arising from the purchase and cancellation of a portion of the issue of India 6 per cent. Bonds, 1932, in the closing weeks of 1931-32. Provision is made in 1933-34 for a full year's interest on India 5 per cent. stock and for a half year's interest on an assumed new issue of £6 million. The increase in the Revised under "Management of Debt" is due to the cost of underwriting commission paid and expenses of management of the issue of India 5 per cent. stock.

[illegible]

47. The following table shows the provision made from year to year in respect of the liability for bonus payments on postal cash certificates.

Year.	Balance held at close of the year on account of cash certificates.	Bonus paid or provided for from revenue.
1923-24	8,42	28
1924-25	13,12	16
1925-26	20,96	16
1926-27	26,68	16
1927-28	30,70	23
1928-29	32,30	60
1929-30	35,00	73
1930-31	38,43	2,06
1931-32	44,58	2,06
1932-33	54,58	2,20
1933-34	59,58	2,55

APPROPRIATION FOR REDUCTION OR AVOIDANCE OF DEBT.

48. Under the scheme of debt redemption adopted by the Government of India for the five years 1925-26 to 1929-30, the annual charge against the revenues of India for the purpose of making provision for the reduction or avoidance of debt consisted of—

(a) a sum of 4 crores, and

(b) such additional sum as is equal to one-eightieth of any excess shown in the total of the debt outstanding on the 31st of March of the preceding year over the total outstanding on the 31st March 1923, sterling debt being converted into rupees at Rs. 15 per £ for this purpose.

It was decided that, pending further consideration of the scheme along with the Railway Convention, provision from the year 1930-31 onwards should be made on the same lines, except that, for the purposes of (b) above, sterling debt should be converted into rupees at Rs. 13½ per £.

On this basis, the estimates for the current year and the next work out as follows:—

	(In lakhs of rupees, sterling amounts being converted at Rs. 13½ per £.)		
	31st March 1923.	31st March 1932.	31st March 1933.
Rupee Debt exclusive of Treasury Bills in the Paper Currency Reserve . . .	3,61,42	4,79,72	4,74,91
Sterling Debt	3,23,51	4,40,42	4,43,12
Unfunded Debt	62,56	1,56,89	1,74,91
Capital value of the liabilities undergoing redemption by way of Terminable Railway Annuities	81,75	64,96	62,75
	<u>8,29,24</u>	<u>11,41,99</u>	<u>11,55,69</u>

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(In lakhs of rupees, sterling amounts being converted at Rs. 13½ per £.)			
	31st March 1923.	31st March 1932.	31st March, 1933.
<i>Deduct—</i>			
Discount included above but separately provided for	7,32	16,55	13,26
Advances to Provincial Governments other than those representing pre-Reform Irrigation debt	24,89	1,01,04	1,09,54
	<u>32,21</u>	<u>1,17,59</u>	<u>1,27,80</u>
NET	7,97,03	10,24,40	10,27,89
Excess over outstanding debt on 31st March 1923		2,27,37	2,30,86
1/10th of above		2,84.21	2,89.57
Add—basic provision		4,00.00	4,00.00
TOTAL		<u>6,84.21</u>	<u>6,88.57</u>

49. These figures include the following specific items :—

	Revised, 1932-33.	Budget, 1933-34.
Sinking fund provision for 5 per cent. rupee loans	1,78.39	1,77.71
Capital portion of railway annuities	2,19.64	2,28.07
Railway sinking funds	26.58	26.67
Capital portion of liabilities assumed in respect of British 5 per cent. War Loan 1929-47	..	78.34
TOTAL	<u>4,24.61</u>	<u>5,11.29</u>

50. The sums provided from revenue on this account from year to year are indicated below :—

1923-24	3,62
1924-25	3,78
1925-26	4,97
1926-27	4,97
1927-28	5,04
1928-29	5,42
1929-30	5,74
1930-31	6,14
1931-32	6,89
1932-33	6,84
1933-34	6,88

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CIVIL ADMINISTRATION.

		Revenue.	Expenditure.	Net expenditure.
1929-30		1,16·59	12,65·91	11,49·32
1930-31		96·87	13,33·80	12,36·93
1931-32		94·45	12,17·55	11,23·10
1932-33	{ Budget	90·11	9,64·93	8,74·82
	{ Revised	90·52	9,68·02	8,77·50
1933-34	Budget	82·62	9,59·22	8,76·60

51. The increase in the revised estimate of revenue as compared with the original Budget is due to heavier fumigation receipts in consequence of the importation of a larger number of bales of American cotton partly counterbalanced by a drop in receipts under the head 'Public Health' on account of a decrease in the demand and reduction in the price of cholera vaccines.

52. As regards expenditure, the revised estimate includes a provision of 5 on account of the North-West Frontier Province for the first seventeen days of April 1932. There is a corresponding saving in the subvention to the province. The budget estimate for next year does not reflect the increase due to the partial removal of the cut in pay, because balancing savings have been made in other directions. The chief items of savings are :—

(i) Reduction in the provision for Census	6
(ii) Completion of non-recurring grants to the Aligarh University	6
(iii) Completion of the Agency buildings in the Punjab States	2
(iv) Other savings under 'Political' (including discontinuance of the payment of the annual contribution of £12,000 towards Diplomatic Services in China)	3
(v) Reduction in the contribution towards the cost of the Assam Rifles	2
(vi) Lesser expenditure on the fumigation of American Cotton	4
(vii) Omission of provision for the N.-W. F. Province	5

CURRENCY AND MINT.

		Revenue.	Expenditure.	Net revenue.
1929-30		2,73·69	74·21	1,99·48
1930-31		1,24·30	96·96	27·34
1931-32		1,78·62	76·09	1,02·53
1932-33	{ Budget	3,31·17	70·02	2,61·15
	{ Revised	2,40·75	69·04	1,71·71
1933-34	Budget	1,74·68	64·19	1,10·49

53. The estimates of revenue under this group depend largely upon the transactions connected with the securities in the Paper Currency Reserve

and are subject to wide fluctuations. The receipts on account of the profit on note circulation included in the estimates are :

	Revised, 1932-33.	Budget, 1933-34.
(i) Interest on rupee securities	17.23	16.66
(ii) Discount on treasury bills issued to the Paper Currency Reserve	1,63.05	1,03.45
(iii) Interest on loans against internal bills of exchange or on the issue of currency against Government securities purchas- ed temporarily from the Imperial Bank of India and placed in the Reserve	11.01	8.00
	<u>1,91.29</u>	<u>1,28.11</u>

The revised estimate of revenue in the current year includes 26.65 on account of profit on circulation of nickel and bronze coin; the corresponding provision in the budget for next year is 29.70. A slight fall in the receipts on account of the Currency Note Printing Press is assumed in the budget for the next year owing to re-issue of notes.

54. The reduction in the budget estimate of expenditure is due so far as the head 'Mint' is concerned, to the decommercialisation of the department thereby obviating the necessity for any book entry on account of the rent of office and residential accommodation required for the Mint and in respect of the head "Currency" to economy and smaller provision for charges for remittance of treasure.

CIVIL WORKS.

55. The grant to the Road Fund which is included for budgetary purposes under Civil Works is shown separately.

<i>Ordinary.</i>		Revenue.	Expenditure.	Net expenditure.
1929-30		22.65	1,60.40	1,37.75
1930-31		27.15	1,64.59	1,37.44
1931-32		24.52	1,18.77	94.25
1932-33	{ Budget	26.79	80.19	53.40
	{ Revised	20.92	76.76	55.84
1933-34	Budget	21.55	86.92	65.37

Appropriation to Road Fund.

1929-30		97.87
1930-31		98.03
1931-32		1,02.01
1932-33	{ Budget	1,14.00
	{ Revised	1,07.00
1933-34	Budget	1,07.00

56. The budget provision in 1933-34 for ordinary expenditure includes the following new items :—

(i) Civil department's share of the cost of regirdering the Jumna bridge	2.50
(ii) Roads and buildings connected with colonisation in Baluchistan	1.38
(iii) Scheme for water supply in Sibi	1.74
(iv) Construction of a bridge on the road to Sikkim	.25

Provision has not been made for any other new major work.

MISCELLANEOUS.

		Revenue.	Expenditure.	Net expenditure.
1929-30		95·62	4,45·65	3,50·03
1930-31		95·64	4,30·07	3,34·43
1931-32		1,56·91	4,34·15	2,77·24
1932-33	{ Budget	66·87	4,00·09	3,33·22
	{ Revised	93·17	4,24·45	3,31·28
1933-34	Budget	57·34	4,11·76	3,54·42

57. The larger Revised Estimate of revenue compared with the Budget is due to gain by exchange partly counterbalanced by a drop in Stationery and Printing receipts. No similar credit on account of gain by exchange has been taken in the Budget for next year as the estimate has, as usual, been framed on the basis of 1s. 6d. the rupee.

58. The increase in the revised estimate of expenditure, as compared with the budget of the current year, represents larger payments of superannuation allowances and pensions and also provides for certain readjustments of leave salaries of Central Government officers, this increase is partly counterbalanced by a decrease in the expenditure for stationery and printing due to the exercise of economy and reduction in demands by other departments and governments. The decrease in the budget estimate for next year, as compared with the revised estimate for the current year, is due to saving under charges connected with conferences and committees.

EXTRAORDINARY ITEMS.

	Accounts, 1931-32.	1932-33.		Budget, 1933-34.
		Budget.	Revised.	
Receipts—				
India	13·81	1·08	1·76	..
England	7·58	22·83	·03	..
Exchange	·09	..	..	..
TOTAL	21·48	23·91	1·79	..
Payments—				
India	2·86	19·86	11·63	6·30
England	·12	2·24	4·00	2·44
Exchange	..	..	—·01	..
TOTAL	2·98	22·10	15·62	8·74

59. The budget estimate for the current year assumed the resumption of German payments on reparation account at the end of the moratorium in July 1932. It is not now considered safe to count on such receipts. The small Indian credits in the revised arise from the final closing of the Austrian Liquidation account.

60. The payments mainly represent charges incurred on retrenched personnel.

MISCELLANEOUS ADJUSTMENTS BETWEEN CENTRAL AND PROVINCIAL GOVERNMENTS.

1932-33	{ Budget	1,02.00
	{ Revised	96.35
1933-34	Budget	1,00.00

61. With effect from the 18th April 1932, the North-West Frontier Province has been made into a Governor's Province and an annual subvention of 1,00.00 will be given to the Province to cover the revenue deficit. This will remain operative for three years, or until the new constitution for India is inaugurated, whichever is earlier.

62. The figure of 1.02 shown as budget of the current year is made up of

- | | | |
|-----|--|----|
| (1) | Revenue under heads classified as provincial under N.-W. F. P. Devolution Rules but credited to the Central Government during the first seventeen days of April 1932 | 2 |
| (2) | Expenditure incurred by the Central Government during the same period under heads classified as provincial with effect from 18th April 1932 | 18 |
| (3) | Balance of annual assignment to make up recurring subvention of Rs. 1 crore | 82 |

The actual receipts and expenditure under various heads during this period have been accounted for as central revenue and expenditure under the major heads concerned, and the total of these receipts and disbursements amount to a net payment of 5.79 by the Central Government. The balance of 94.21 is therefore provided for under this head in the revised estimate so as to make up the total subvention of Rs. 1 crore. The remaining of 2.14 in the revised is for reimbursement to the Government of Bengal of the pensionary charges of the Bengal Pilot Service.

WAYS AND MEANS.

HOME TREASURY.

63. The bulk of the payments made in England on account of the Government of India consist of expenditure chargeable to the Indian revenues and has normally to be met by direct remittance of funds from India. The capital outlay on the construction of railways, however, sometimes necessitates borrowing and a large portion of the money required has, when necessary, been raised in England, either direct or through the agency of Companies. Operations connected with the Gold Standard and Paper Currency Reserves, and with the replacement of one particular form or item of direct or indirect debt by another, further swell the receipts and charges of the Home Treasury without affecting ordinarily the general ways and means programme. Recoveries are also effected by the Secretary of State against drawings of the Iraq administration on India. These recoveries represent, in effect, remittances from India to finance the Home Treasury and reduce the amount of direct remittances which would otherwise be necessary.

BUDGET FOR 1933-34.

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64. The following is a summary of the estimated transactions of the Home Treasury :—

(In millions of £.)

	Budget, 1932-33.	Revised, 1932-33.	Budget, 1933-34.
RECEIPTS.			
1. Discount on loans raised in previous years brought to account as debt incurred	·30	·32	·32
2. Remittances between England and India—			
(a) Recoveries on account of drawings by Iraq administration on India	·60	·16	·60
(b) Other transactions	·48	·29	·42
3. Deposits and Advances	·12	·52	—·30
Total Receipts, excluding direct remittances and loans	1·50	1·29	1·04
DISBURSEMENTS.			
4. Excess of Expenditure of the Central Government over Revenue	26·30	26·33	26·68
5. Disbursements on behalf of Provincial Governments	2·81	2·70	2·41
6. Capital Expenditure not charged to Revenue—			
(a) Outlay on State Railways	1·13	·38	·97
(b) Other items	·01	·02	·01
7. Discharge of Permanent Debt	7·86	9·63	6·43
Total Disbursements	38·11	39·06	36·50
NET DISBURSEMENTS	36·61	37·77	35·46
Remittances from India (net)	24·50	25·79	21·00
New Loan (less discount)	6·00	9·50	6·00
Reduction (+) or increase (—) of cash balance	+6·11	+2·48	+8·46
Opening Balance	11·04	15·86	13·38
Closing Balance	4·93	13·38	4·92

65. Item 2 (a) has already been explained in paragraph 63. Normally, item 2 (b) relating to 'Other transactions' is almost entirely made up of recoveries from the Governments of Hong-Kong, the Straits Settlements and Siam in respect of opium supplied from India under agreement, the other indirect remittances to and from practically balancing one another.

66. The amount shown under the head 'Discharge of Permanent Debt' includes the provision for railway sinking funds and the capital portion of railway annuities. These payments are made out of the provision for reduction or avoidance of debt—*vide* paragraph 49.

67. The remittance programme, as estimated, is as follows :—

(In millions of £.)		
	Revised, 1932-33.	Budget, 1933-34.
Purchase of Sterling . . .	38.83	21.00
Sterling taken over in London . . .	.71	..
Transfers through Gold Standard Reserve . . .	—13.75	..
	<u>25.79</u>	<u>21.00</u>

The programme for next year is only illustrative. The actual amount of remittance must, like the form, necessarily depend upon circumstances.

68. The sterling debt incurred in 1932-33 is as follows :—

Month of issue	Form of issue.	Nominal amount.	Issue price per cent.	Cash received.
		£		£
April 1932 . . .	5 per cent. Stock, 1942-47 . . .	10,000,000	95	9,500,000

INDIA.

69. The following is a summary of the estimates of ways and means in India during 1932-33 and 1933-34 :—

(In crores of rupees.)

	Budget, 1932-33.	Revised, 1932-33.	Budget, 1933-34.
RECEIPTS.			
1. Excess of Revenue of the Central Government over Expenditure charged to Revenue	37.22	37.27	35.82
2. Unfunded Debt incurred—			
(a) Post Office Cash Certificates (net)	5.00	10.00	5.00
(b) Savings Bank deposits (net)	6.55	7.87	8.20
3. Appropriation for reduction or avoidance of debt	6.82	6.84	6.88
4. Railway Reserve and Railway and Posts and Telegraphs Depreciation Funds	.90	— .85	.42
5. Post Office Cash Certificate Bonus Fund	..	1.10	1.35
6. Miscellaneous Deposits and Remittances (net)	— .43	1.46	1.15
TOTAL RECEIPTS	56.06	63.69	58.82

	Budget, 1932-33.	Revised, 1932-33.	Budget, 1933-34.
DISBURSEMENTS.			
7. Capital Expenditure not charged to Revenue—			
(a) State Railways	2·65	·30	2·00
(b) Posts and Telegraphs	·23	·20	·16
(c) Other items	1·26	1·29	1·06
8. Permanent Debt discharged (net)	16·49	57·07	28·95
9. Floating Debt discharged (net)	7·51	43·42	8·00
10. Loss on revaluation, sale, transfer, etc., of assets of the Paper Currency Reserve (net)	..	4·68	..
11. Loans by the Central Government—			
(a) To Provincial Loans Fund	11·65	8·15	3·91
(b) Other Loans	·26	·76	·72
12. Remittances between England and India—			
(a) Remittances from India for financing Home Treasury	32·67	34·39	28·00
(b) Drawings by the Iraq administration recoverable in England	·80	·22	·80
(c) Other transactions (net).	·63	·39	·59
13. Balances of Provincial Governments	—4·77	—6·11	—2·76
TOTAL DISBURSEMENTS	69·38	1·44·76	71·43
NET DISBURSEMENTS	13·32	81·07	12·61
New Loan	14·50	80·11	12·00
Reduction (+) or increase (—) of cash balance	—1·18	+ ·96	+ ·61
Opening Balance	10·19	12·69	11·73
Closing Balance	11·37	11·73	11·12

70. There were four Rupee loans floated in the current year. They consisted of a 5½ per cent. 1938-40 loan issued at Rs. 98 per cent.; a 5 per cent. 1940-43 loan issued at Rs. 98 per cent.; 4 per cent. Bonds 1943 issued at Rs. 98 per cent.; and 4 per cent. conversion loan, 1960-70. The results of these loans are given below; the figures regarding the conversion loan represent only estimates :—

	(In lakhs of rupees.)			
	5½ per cent. Loan, 1938-40.	5 per cent. Loan, 1940-43.	4 per cent. Bonds, 1943.	4 per cent. Conversion Loan, 1960-70.
Subscriptions in cash	13,70	4,81	..	..
Subscriptions in Treasury Bills	1,81	..	14,97	..
Subscriptions in the form of 5 per cent. 1933 Bonds	..	10,42	..	5,00
Subscriptions in the form of 6 per cent. Bonds, 1933-36	..	9,95	..	8,00
Subscriptions in the form of 6 per cent. Bonds, 1932	3,63	..	..	..
Subscriptions in the form of 1929-47 loan	..	..	..	9,00
Total	19,14	25,18	14,97	22,00

71. The amount of the new loan estimated for next year has been shown separately at 12 crores.

72. The balance of treasury bills have been taken in the estimates as follows :—

	(In crores of rupees.)		
	31st March 1932.	31st March 1933.	31st March 1934.
With the public . . .	47.53	28.00	20.00
In the Paper Currency Reserve . . .	49.67	35.28	35.28

73. The figures relating to India's debt have been given in Appendix II. The balance of total interest-bearing obligations not covered by interest-yielding assets, cash and bullion on the 31st March 1933 shows a decrease of 7 crores as compared with the balance on the 31st March 1932.

J. B. TAYLOR.

The 28th February 1933.

The 5th April 1933.

APPENDIX I.

Memorandum on the Defence Estimates for 1933-34.

One of the recommendations of the Army Retrenchment Sub-Committee was that the estimates of receipts and expenditure should be reduced in bulk and simplified. The process of simplification is limited by the necessity of presenting the estimates in a form in which they will be useful to the administration and informative to the public. In preparing the estimates for 1933-34 an endeavour has been made to find a suitable means which will satisfy as far as possible the two requirements. The estimates are now described as the "Defence" estimates, as it appeared that the term "military" estimates tended to obscure the fact that they covered expenditure on the Royal Air Force and the Royal Indian Marine as well as on the Army; and what has hitherto been known as the Military Reserve Fund is now termed the Defence Reserve Fund. Effect has been given to a specific recommendation of the Retrenchment Sub-Committee that the estimate for Military Engineer Services should be abolished as a separate head; the main heads of account are now "Defence Services—Effective", "Defence Services—Non-effective" and "Defence Reserve Fund". Other alterations are of a minor character.

2. These changes of form involve no substantial change in the system of accounting. The Defence estimates and accounts continue to be on a cash basis.

3. The following table indicates the course of expenditure on the Defence Forces (the Army in India, the Royal Air Force in India and the Royal Indian Marine) during the past five years and the estimated expenditure in the current and impending financial years :—

	Crores of Rs.								
1927-28	.	.	.	.	.	.	.	.	54.79
1928-29	.	.	.	.	.	.	.	.	55.10
1929-30	.	.	.	.	.	.	.	.	55.10
1930-31	.	.	.	.	.	.	.	.	54.30
1931-32	.	.	.	.	.	.	.	.	51.76
1932-33 (revised estimate)	.	.	.	.	.	.	.	.	46.74
1933-34 (budget estimate)	.	.	.	.	.	.	.	.	46.20

4. In the years immediately succeeding the beginning of 1923 a large reduction of expenditure had been enforced under pressure from the Inchcape Committee. There was a substantial decrease in the numerical strength of the Forces, but a quite disproportionately greater reduction in the provision for maintaining the reduced Forces. In other words that balance between fighting strength and maintenance services which is essential to produce an efficient Force was impaired. In 1927-28 the effects of this policy came to a head and the Government of India found themselves in a dilemma. On the one hand the equipment of the Defence Forces had fallen, and was progressively falling, below modern standards: it was estimated that a special outlay of about 10 crores, over and above the cost of maintenance, would be required within the next few years to put the Forces into a condition in which they could be regarded as up to date Forces in terms of the policy accepted.

by Government and endorsed by the Legislative Assembly. On the other hand, on general financial grounds the Government could not contemplate an increase of Defence expenditure. An escape from this dilemma was eventually found in the "stabilisation" of the Defence budget. From the military point of view the essential features of the stabilisation arrangement were—

- (a) that a fixed sum (55 crores) was to be placed at the disposal of His Excellency the Commander-in-Chief in 1928-29 and in each of the three following financial years ; and
- (b) that during this period of four years the military authorities should carry out a special economy 'drive', calling upon all officers to co-operate in eliminating every possible form of unnecessary expenditure, and that they should be allowed to retain all savings on the estimates, whether automatic or secured by the special measures of economy, to be applied to working off the special 10 crore re-equipment programme. The grant of this permission involved the establishment of the Military Reserve Fund through which savings in one year could be carried forward for expenditure in a subsequent year, where such a course was considered to be convenient and economical.

5. The stabilisation of the Defence budget lasted in its entirety for the two years 1928-29 and 1929-30 only. Thereafter the effects of the general economic depression on the finances of India compelled a revision of the arrangement, involving a departure from both the principles described in the preceding paragraph. The standard budget figure has been progressively reduced as shown in the table above until expenditure now stands at a point nearly 9 crores below the level of 1929-30, and it was also found necessary to call upon His Excellency the Commander-in-Chief to surrender savings which, under the stabilisation arrangement, he would have applied towards the carrying out of the 10 crore re-equipment programme. These savings were either surrendered outright to Government or were applied to meet special expenditure which was not contemplated when the standard figure of 55 crores was adopted. The most important items of extraordinary expenditure in the three financial years from 1930-31 to 1932-33 have been operations against the tribes on the North-West Frontier, the suppression of the Burma rebellion, the establishment of an additional garrison in Bengal, and the cost of movements of troops which have from time to time been necessary for dealing with the Civil Disobedience movement. The cost of these special operations is estimated at little less than two crores of rupees in the three years. In each of the three years this extra and unforeseen expenditure has been met within the budget allotment for the year. This was made possible only by equally unforeseen windfalls, the most important of which has been the unprecedented fall in commodity prices. Had it not been for these windfalls, it would either have been necessary for Government to make additional grants or the re-equipment programme would have fallen into even greater arrears than has actually been the case.

6. The purpose of adopting the stabilised budget system for Defence expenditure was two-fold :—

- (a) to provide, without increasing the annual budget, the funds required to finance the 10 crore re-equipment programme ; and
- (b) to secure, at the end of the period of stabilisation, a permanent reduction in the level of the standing charges required to maintain the Forces.

It is of interest to note how far these two objects have been achieved in spite of the radical alterations in the stabilisation arrangement which the present financial crisis has inevitably enforced on a system based on conditions prevailing in 1927-28.

7. As regards the re-equipment programme, it was impossible in the current year's budget to do more than provide a comparatively small sum required to complete schemes in progress which could not economically be postponed. However, taking together the years from 1928-29 to 1931-32, it was found possible in that period to make allotments within the annual budgets up to an aggregate amount of 7 crores towards the 10 crore programme.

8. As regards the reduction in standing charges, it is necessary to distinguish between the savings secured by the economy campaign which was an essential feature of the stabilisation arrangement and the savings secured by the emergency retrenchment campaign which was started in 1931-32. The following table exhibits for each of the four years from 1928-29 to 1931-32 the total amount of the budget allotment and the amount provided within that allotment to cover the standing charges :—

	Total budget (in crores).	Standing charges (in crores).
1928-29	55·10	53·94
1929-30	55·10	52·66
1930-31	54·35	52·54
1931-32	52·00	50·37

It will be seen that in the course of the four years the expenditure on standing charges fell by more than 3½ crores. This fall was due partly to automatic causes and partly to deliberate economies. In round figures the reduction may be allocated as follows :—

	Crores of Rs.
to the fall in commodity prices	1·00
to the turnover of British other ranks from the old rates of pay to the reduced rates fixed in 1925	·80
to the economy campaign	1·70
Total	3·50

Up to 1931-32, therefore, it will be seen that substantial success had been achieved in working to the two main objects of the stabilisation system.

9. In 1931-32 the financial crisis led to a still more intensive campaign of economy and retrenchment. In this campaign the military authorities worked in close collaboration with the Army Retrenchment Sub-Committee and as a result of their joint efforts His Excellency the Commander-in-Chief was able to accept for 1932-33 a budget allotment of 46·74 crores. The search for economies did not cease with the acceptance of the 1932-33 budget. Previous lines of retrenchment were further worked out and new schemes

were taken in hand with the result that by December 1932 His Excellency the Commander-in-Chief was able to report that in view of the continuance of the financial crisis he could again accept for 1933-34 a budget allotment not exceeding 46·74 crores even if the 10 per cent. cut in pay were restored from April 1933 at a cost of 105 lakhs.

10. The figure of 46·74 crores represents a reduction of 7·20 crores from the expenditure on obligatory standing charges in 1928-29, *viz.*, 53·94 crores. It cannot be claimed, however, that the figure of 46·74 represents as yet a new permanent level of standing charges. As noted in paragraph 8 the figures of reduction of expenditure include an automatic saving of about a crore of rupees due to the fall in commodity prices below the level of 1928-29 : so that if prices rise again towards that level, so will the Defence budget automatically rise. Moreover, certain of the retrenchment measures which have been put into force have the effect of reducing current expenditure on stores by diminishing the quantities held in stock. This process obviously cannot be continuous and when surpluses have been consumed current expenditure is bound to rise again. Finally, part of the reduction has been secured by postponement of building and other programmes : in fact, the standing charges budget for 1933-34 covers only the bare necessities of maintenance. Commitments of this kind cannot be indefinitely postponed, for experience has shown that the accumulation of commitments is merely laying up trouble for the future.

11. But even after allowing for these factors the reduction in the standing charges is sufficiently remarkable and it justifies the claim of the military authorities that, in spite of the inability of Government to give full effect to the stabilisation arrangement, it has been so worked as to produce a very substantial measure of success in both the directions hoped for, namely, the clearing of the commitments represented by the 10 crore re-equipment programme and the ultimate reduction of the cost of maintenance of the Forces.

12. The history of the financial administration of the Defence Services in recent years is set out at some length in the preceding paragraphs because it has a direct bearing on the fixation of the amount required to finance those Services in 1933-34. As the general financial situation is still grave, His Excellency the Commander-in-Chief has been asked to accept another emergency budget, *i.e.*, an allotment sufficient only to cover the bare cost of maintenance. On that basis His Excellency was, as stated, in a position last December to report that he could carry on with an allotment not exceeding the current year's figure of 46·74 crores, even if the 10 per cent. pay cut were restored at a cost of 105 lakhs. The acceptance of that position has been made possible by the development of economy schemes already in force and by the adoption of new measures of retrenchment. These new retrenchment measures are estimated to produce a saving in 1933-34 of 70 lakhs. They include a reorganisation of Pioneers and Engineer units (14 lakhs), a reorganisation of the Auxiliary Force (15 lakhs) and a further revision of stocks of military stores (21 lakhs).

13. As finally worked out on the basis that the pay cut would cease to be operative from April 1933 the net budget estimate for 1933-34 stood at 46·72½ crores. As a result of the decision to re-impose a pay cut at 5 per cent. the estimate is reduced by 52½ lakhs : the final net estimate is thus 46·20 crores. This figure includes provision for the extra expenditure involved in the maintenance of the additional garrison in Bengal and for the expansion of the Indian Military Academy to cope with the increased number of cadets to be trained in the second year of its existence.

14. It is estimated that at the end of the current financial year there will be in the Military Reserve Fund a free balance of about 110 lakhs of rupees, representing the accumulated balance of underspendings on the budgetary provisions in the previous years since 1928-29. As has been stated in an earlier paragraph, the 10 crore re-equipment programme, which under the original arrangement it was hoped to complete in the period of four years from 1928-29 onwards, has inevitably been retarded; the total amount which it has so far been possible to devote to this purpose is 7½ crores, leaving a balance of 2½ crores still to be found. His Excellency the Commander-in-Chief has represented that the delay in completing the programme is having a serious effect on the preparedness of the Forces for war. In present circumstances it is impossible to find the whole of the money required, but it is intended to apply the 110 lakhs of rupees in the Military Reserve Fund towards working off during the next two years the most urgent of the remaining deficiencies. Quite apart from the question of military necessity, it is very desirable from the general point of view that these arrear commitments should be worked off as far as possible before the new constitution comes into being, so that the expenditure on defence under the new régime may from the outset be on the basis of actual cost of maintenance with a moderate allowance for normal renewals and replacements.

15. A detailed statement showing the effect of the recommendations of the Army Retrenchment Sub-Committee and the more recent measures of economy introduced under the orders of His Excellency the Commander-in-Chief has been prepared by the Army Department and forms part of the budget papers furnished to the members of the Legislature.

16. A statement is appended to this Memorandum showing by major heads the actual expenditure recorded in 1931-32, the budget and revised estimates for 1932-33 and the budget estimate for 1933-34. The causes of variation are explained generally in this Memorandum and are described in detail against each head in the volume of detailed estimates.

17. If Hon'ble Members desire any further information on the details of the Defence Estimates, they are invited to obtain it by personal request to the Financial Adviser, Military Finance.

A. MACLEOD,
Financial Adviser, Military Finance.

NEW DELHI,

The 28th February, 1933.

	Actuals, 1931-32.	Budget, 1932-33.	Revised, 1932-33.	Budget, 1933-34.
EXPENDITURE.				
48.—Defence Services—Effective.	Rs.	Rs.	Rs.	Rs.
1. Fighting Services . . .	18,41,79,760	17,55,48,000	17,37,67,000	17,04,15,000
2. Administrative Services . . .	6,99,27,586	6,52,58,000	6,41,10,000	6,54,37,000
3. Manufacturing Establishments (including stores). . .	2,83,23,498	2,73,24,000	2,54,58,000	2,43,15,000
4. Army Headquarters, Staff of Commands, etc. . .	2,07,21,110	1,90,04,000	1,87,69,000	1,97,50,000
5. Purchase and sale of stores, Equipment and Animals (other than those purchased direct by manufacturing establishments, M. E. S., R. A. F. and R. I. M.) . . .	4,32,32,929	4,22,84,000	4,10,55,000	4,45,18,000
6. Special Services . . .	23,28,810	9,000	4,10,000	8,000
7. Transportation, Conser- vancy, Hot Weather establishments and Mis- cellaneous . . .	3,00,80,711	3,13,17,000	2,88,81,000	2,87,70,000
8. Military Engineer Services (including stores) . . .	4,60,96,780	3,32,57,000	3,90,40,000	3,68,75,000
9. Auxiliary and Territorial Forces . . .	98,13,686	84,36,000	78,00,000	68,39,000
10. Royal Air Force (including stores) . . .	2,05,53,515	1,56,60,000	1,56,05,000	1,57,12,000
11. Royal Indian Marine (in- cluding stores) . . .	62,47,085	58,00,000	58,75,000	70,19,000
Total . . .	46,15,05,470	42,38,97,000	42,07,70,000	41,96,58,000
49.—Defence Services—Non- Effective.				
1. Army . . .	8,57,92,134	8,40,57,000	8,38,71,000	8,42,54,000
2. Royal Air Force . . .	3,10,319	2,97,000	3,26,000	3,42,000
3. Royal Indian Marine . . .	9,43,407	9,45,000	9,11,000	9,13,000
Total . . .	8,70,45,860	8,52,99,000	8,51,08,000	8,55,09,000
50.—Defence Reserve Fund . . .	1,03,22,890	..	..	..
Total Expenditure . . .	55,88,74,220	50,91,96,000	50,58,78,000	50,51,67,000

BUDGET FOR 1933-34.

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	Actuals, 1932-32.	Budget, 1932-33.	Revised, 1932-33.	Budget, 1933-34.
<i>Receipts.</i>				
	Rs.	Rs.	Rs.	Rs.
XXXVI.—Defence Services— Effective	3,18,17,007	3,02,17,000	2,99,89,000	3,16,89,000
XXXVII.—Defence Services— Non-Effective	91,57,213	77,88,000	78,67,000	53,38,000
XXXVIII.—Defence Reserve Fund	..	37,94,000	6,22,000	61,40,000
Total Receipts	4,12,74,220	4,17,96,000	3,84,78,000	4,31,67,000
Net Expenditure	51,76,00,000	46,74,00,000	46,74,00,000	46,20,00,000

BUDGET FOR 1933-34.

APPENDIX II.

Statement showing the interest-bearing obligations of the Government of India, outstanding at the close of each financial year.

	31st March 1923.	31st March 1924.	31st March 1925.	31st March 1926.	31st March 1927.	31st March 1928.	31st March 1929.	31st March 1930.	31st March 1931.	31st March 1932.	31st March 1933.
INTEREST-BEARING OBLIGATIONS.											
<i>India—</i>											
(In crores of rupees.)											
Loans (a)	339.83	353.81	370.38	368.29	374.44	372.25	390.73	405.11	417.24	422.60	440.91
Treasury Bills in the hands of the public	21.59	2.12	..	..	..	7.59	4.00	36.04	55.38	47.53	28.00
Treasury Bills in the Paper Currency Reserve	49.65	49.65	49.65	49.65	41.47	31.94	39.15	29.22	5.89	49.87	35.23
Ways and Means Advance	..	..	..	..	..	..	..	..	..	9.50	..
Other Obligations—											
Post Office Savings Banks	23.20	24.79	25.64	27.23	29.51	32.67	34.49	37.13	37.03	33.20	42.55
Cash Certificates	3.13	8.42	13.12	20.96	26.68	30.70	32.30	35.00	38.43	44.53	54.53
Provident Funds, etc.	36.17	39.00	42.39	46.36	51.02	55.82	60.52	65.41	70.33	73.04	76.55
Depreciation and Reserve Funds	..	..	9.08	15.45	20.10	25.48	31.09	30.18	21.89	17.65	16.85
Provincial Balances (b)	2.86	4.17	4.83	11.87	10.49	10.48	10.43	10.21	6.09	4.32	4.66
Total Loans, etc.	411.07	410.58	420.03	417.94	415.91	411.78	433.83	470.87	478.51	529.39	519.19
Total Other Obligations	65.36	76.38	95.06	121.87	137.80	155.15	168.83	177.93	173.27	177.79	195.19
Total in India	476.43	486.96	515.09	539.81	553.71	566.93	602.71	648.80	651.78	707.18	705.38
<i>In England—</i>											
(In millions of £.)											
Loans (a)	222.92	244.53	263.39	266.35	265.09	272.32	283.31	289.03	316.81	313.60	315.62
War Contribution	19.71	19.27	18.81	18.32	17.81	17.28	16.72	16.72	16.72	16.72	16.72
Capital value of liabilities undergoing redemption by way of terminable railway annuities	61.31	60.10	58.84	57.53	56.19	54.79	53.85	51.86	50.32	48.72	47.06
India Bills	..	..	..	..	..	..	..	6.00	4.06	..	..
Provident Funds, etc.	..	..	..	..	..	..	..	2.54	..	..	..
Total in England	303.98	324.03	341.20	342.41	339.36	344.58	353.81	366.15	388.59	379.84	380.32
Equivalent at 1s. 6d. to the Rupee	405.81	432.04	454.93	456.55	452.48	459.44	471.75	488.20	518.12	506.45	507.10
Total interest-bearing obligations	881.74	919.00	970.52	996.36	1,006.19	1,026.37	1,074.46	1,136.50	1,169.90	1,213.63	1,212.48
INTEREST-YIELDING ASSETS—											
Capital advanced to Railways	517.22	537.02	578.05	605.61	635.46	668.60	700.69	730.79	743.98	750.73	751.54
Capital advanced to other Commercial Departments	19.43	20.07	22.00	17.77	19.16	20.73	21.81	22.70	23.65	23.75	24.49
Capital advanced to Provinces	87.49	97.56	106.43	114.60	120.17	126.34	137.52	142.60	161.82	163.64	171.79
Capital advanced to Indian States and other interest-bearing loans	8.90	8.93	10.16	11.84	12.11	13.91	15.49	17.85	19.45	20.28	21.05
Total Interest-yielding assets	633.04	663.58	716.64	749.82	786.90	829.58	875.51	913.74	938.90	958.41	983.87
Cash, bullion and securities held on Treasury account	44.80	50.47	57.35	51.06	37.48	24.26	28.34	45.80	34.03	41.42	36.92
Balance of total interest-bearing obligations not covered by above assets	203.90	204.95	196.03	194.58	181.81	172.53	170.61	177.40	198.97	213.80	206.69

(a) These figures represent the nominal amounts of loans outstanding and also include comparatively small amounts of expired loans which do not bear interest.

(b) The figures represent those portions of provincial balances which bear interest either because they form part of the old Famine Insurance Fund or the present Famine Relief Fund or because they have been placed with the Government of India on fixed deposit.

(c) Includes the liability assumed by the Secretary of State for East Indian Railway Debenture Stock, aggregating £184 millions, on the termination of the contract with that Railway on the 1st January 1925. It there ore does not represent any increase in the foreign indebtedness of the country as a whole.

(d) Includes 27.07 crores on account of the liability referred to in (c) above.

(e) Includes the liability assumed by the Secretary of State for the Great Indian Peninsula Railway Debenture Stock, aggregating £34 millions, on the termination of the contract with that Railway on the 1st July 1925. *vide* also last sentence under (c) above.

(f) Includes 4.88 crores on account of the liability referred to in (c) above.

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APPENDIX III.

Statement showing the distribution, as between voted and non-voted, of the gross expenditure of the Central Government as shown in the Budgets presented to the Legislature.

[In lakhs of rupees.]

	1932-33.				1933-34.			
	Voted.	Non-voted.	Total.	Per-centage of voted to total.	Voted.	Non-voted.	Total.	Per-centage of voted to total.
Expenditure charged to revenue	90,11	1,15,09	2,05,20	44	88,40	1,13,24	2,01,64*	44
Expenditure not charged to revenue	5,47	18	5,65	97	4,12	44	4,56	90
Total Expenditure both charged and not charged to revenue.	95,58	1,15,27	2,10,85	45	92,52	1,13,68	2,06,20	45

*These figures have been arrived at as follows :—

Expenditure as per Budget Statements	1,27,91	1,24,11
Add—Working expenses of—		
(a) Railway Department	63,50	63,64
(b) Posts and Telegraphs	10,72	10,51
(c) Irrigation	—	2
Add—Refunds	3,15	3,86
	<u>2,05,20</u>	<u>2,01,64</u>

APPENDIX IV.

PRO FORMÂ ACCOUNT OF EXPENDITURE ON DELHI AND THE DELHI PROVINCE.

PREFATORY NOTE.

I.—Scope of pro formâ account.

The following *pro formâ* account, with its supporting statements, exhibits the expenditure, initial and annual, on Delhi and the Delhi Province and also any receipts and savings which form a direct set-off to that expenditure. The account has been prepared in consultation with the Auditor General and carries his approval as regards both its form and its substantial completeness at the present date subject to the qualifications implied in the following prefatory remarks.

2. The main item of the account, as regards non-recurring expenditure, is the Delhi project proper, the figures for which appear against item 1 of Part I.—*Initial Outlay*. The principal recurring charge is that representing the expenditure in the new province, which appears as item 1 of Part II.—*Annual Expenditure*.

3. The account necessarily exhibits any expenditure occurring under the named heads, without qualification on account of contributory causes. It must, therefore, be clearly understood that the increase of expenditure, including that in the Delhi Province, is not wholly due to the change of Capital. Thus, an increase of the garrison at Delhi on strategic grounds had been already independently and strongly recommended to the Government of India by the Chief of the General Staff and endorsed by His Excellency the Commander-in-Chief in July 1911, before the transfer of the Capital had been officially proposed, and the construction of the accommodation for the troops already there had long been recognised as pressing. Similarly, the recent advance in the policy relating to education and sanitation, particularly the latter, would, under any circumstances, have involved increased expenditure in the city. For practical purposes, these considerations must be ignored in the figured statements, as well as various similar points of minor pecuniary significance.

II.—Relation between the pro formâ account and the regular accounts

4. A brief explanation is added below connecting the various items in the *pro formâ* account with the entries in the published accounts and estimates. Some further explanations are also to be found in the account itself and in its supporting statements.

Item 1 of
Part I of
pro forma
account.

5. The capital expenditure directly incurred on the construction of the new Imperial Capital at Delhi is shown in the regular accounts under the special head "57—Initial Expenditure on the new Capital at Delhi." The only other item of expenditure which will be recorded in the capital section of the regular accounts is that arising from diversions or re-arrangements of the railway system, which will appear under the head "53—State Railways."

Item 3(b),
ibid.

Item 2, *ibid.*

6. The initial expenditure incurred during the years 1911-12 and 1912-13 in connection with the provision of temporary accommodation for the Government of India at Delhi, pending the construction of the new Capital, has been treated, on the advice of the Auditor General, as a revenue charge, under a special minor head styled "Temporary Delhi" subordinate to the major head "41—Civil Works". Any non-recurring receipts which may eventually be obtained in connection with these temporary works, *e.g.*, from the sale of lands and buildings when no longer required by the Government of India, will be similarly credited under a special head subordinate to the major head "XXX—Civil Works".

Item II, *ibid.*

Items 1 and I
of Part II of
pro forma
account.

7. The remaining expenditure is mainly brought to account in one of two ways: either, first, as expenditure of the new Province; or secondly, as departmental expenditure chargeable to the Department in which it is incurred.

8. The expenditure and receipts appertaining to the *quasi*-provincial administration of the Central area are brought to account in the same way as in the case of other minor administrations. It will be noted that any grants which may be specially given from Central revenues in aid of the Delhi Municipality or other local funds will be brought into the regular accounts and consequently, into the *pro forma* account also, since they will appear as charges of the Delhi administration.

Items 3 (a)
and III of
Part I of
pro forma
account.

9. Expenditure which does not appertain to provincial administration, is recorded, as in the case of other provinces, under its appropriate departmental head in the regular accounts. Thus expenditure on the land and buildings required for the new Cantonment, and any corresponding receipts, appear under the heads Army and Military Engineer Services, under both of which a special Delhi sub-head has been opened. Railway capital outlay has already been referred to. Railway revenue charges and receipts similarly come under the Railway account head. In these cases, the *pro forma* account necessarily exhibits only initial expenditure and non-recurring receipts, as Military expenditure is not being permanently increased and the influence of the new Capital on the ordinary daily receipts and working expenses of the Railways cannot evidently be satisfactorily isolated. This latter consideration also applies to the case of Posts and Telegraphs expenditure, which moreover represents ordinary administrative expenditure of the department, and is relatively insignificant in amount. For these reasons, in the case of this department neither the initial outlay nor the recurring receipts and expenditure have been included.

10. There are also a few items of expenditure and of actual receipt or of definite saving which are not recorded in the accounts of the Delhi Province or in the departmental accounts, but which it is necessary to take into consideration in calculating the expenditure on Delhi and the Delhi Province. Most of these are self-explanatory, but attention may be called to the intended treatment of the sale-proceeds of vacated lands and buildings at Calcutta (if any) and elsewhere. These will be credited under the major heads "XXXV—Miscellaneous" and "XXX—Civil Works", and the *pro forma* account will take credit only for actual Central receipts. No account will be taken, in the statements themselves, of book transactions, or of the considerable savings obtained from the vacation of rented accommodation, i.e., of relief in respect of rental payments which the Local Government obtain by giving up private buildings previously leased for provincial establishments, and moving the latter into offices formerly occupied by the Government of India. Any reference made to such saving will, therefore, be found in an explanatory footnote. [See Part I, Note 5.]

Items 4 to 7 and I and IV of Part I, and Items 2 and II to IV of Part II of *pro forma* account.

Item I of Part I.

11. Outlay on stores and all other expenditure incurred in England under a capital head or as a revenue charge, which can be distinguished as appertaining to the construction of Delhi or to the administration of the Delhi Province, have been included in the *pro forma* account.

12. The project estimate for the New Capital at Delhi has been closed with effect from the 1st April 1932. All further expenditure in connection with the Project will be debited to 41—Civil Works. All receipts connected with the project, which are now adjusted by deduction from the Capital head "57" will be credited to XXX—Civil Works with certain exceptions. No financial adjustment will be made in respect of the balances under Suspense Accounts which cannot be cleared by actual adjustment before the accounts for the year 1931-32 are closed. These balances will be treated as additions to the opening balances of Suspense Accounts under the head "41" for the year 1932-33.

PRO FORMA ACCOUNT OF EXPENDITURE ON DELHI AND THE DELHI PROVINCE.

PART I.—INITIAL OUTLAY.

[Figures in thousands of rupees.]

Expenditure.	Actuals to end of 1931-32.	Receipts.	Actuals to end of 1931-32.
1. DELHI PROJECT: Capital outlay on Permanent Delhi chargeable to Head "57" (for details see Statement I-A)	14,78.50	I.—Receipts on account of Central buildings vacated by the Government of India or attached offices in consequence of the move (a)	22.40
2. Temporary Delhi*	54.33		
3. Initial expenditure of non-Civil Departments :—		II.—Non-recurring receipts on account of Temporary Works	2
(a) Military services †	1,16.57		
(b) Railways †	1,13.28		
4. Non-recurring grant to the Punjab Government in compensation for expenditure incurred on new headquarters buildings for the Commissionership transferred from Delhi	1.36	III.—Recoveries on account of land or buildings vacated in the old Cantonment of Delhi	...
5. Cost of withdrawal to Delhi of Central offices previously located at Calcutta or elsewhere	9.50		
6. Special non-recurring monetary concessions to establishments of the Government of India and attached offices on the occasion of their first move to Delhi.	10.79	IV.—Miscellaneous items	8.46
7. Miscellaneous items §	13.02		
TOTAL	17,97.35	TOTAL	30.88
Net expenditure to end of 1931-32	17,60.47		

* NOTE 1.—The head "Temporary Delhi" has been closed from 1st April 1913, subsequent expenditure being treated as part of the expenditure of the Delhi Province—see Part II of Account.

† NOTE 2.—The expenditure included under item 3 (a) is that relating to the formation of the new Cantonment. Its details are as follows :—

	To end of 1931-32.
Acquisition of land	13.20
Cost of buildings	94.50
Establishment charges	6.81
Tools and plant	2.06
TOTAL	1,16.57

‡ NOTE 3.—The figures relate to charges for the acquisition of land and outlay on railway facilities at Nausal Bays. They include transactions on account of Delhi New Capital Railway Works.

§ NOTE 4.—The expenditure shown against item 7 represents mainly the proportionate cost of the Office of the Accountant General, Central Revenues (Audit Staff, Delhi Experiments), and the cost of temporary establishments employed in the Secretariats in connection with the change of Capital.

|| NOTE 5.—These heads record only actual receipts obtained from the sale of the vacated buildings and land. As explained in paragraph 10 of the Prefatory Note, this procedure has the effect of excluding a substantial true saving in respect of rented accommodation. Thus from 1913-14 to 1922-23 the Government of Bengal, by moving their offices into the vacated Central buildings in Calcutta, saved Rs. 7,69,400 partly by being enabled to dispense with private accommodation previously leased, and partly by being relieved from the necessity of renting further accommodation. With effect from 1923-24 rent is being recovered from the Local Government for the occupation of the Central buildings at Calcutta and the receipts are being shown under head I.

(a) Includes Rs. 10 lakhs on account of value of premises No. 3, Kollaghat Street, sold to E. B. Railway and Rs. 20,000 on account of rent receipts.

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PRO FORMA ACCOUNT OF EXPENDITURE ON DELHI AND THE DELHI PROVINCE—contd.

PART II.—ANNUAL EXPENDITURE.

[Figures in thousands of rupees.]

Expenditure.	Actuals, 1931-32.	Receipts.	Actuals, 1931-32.
1. Expenditure of Delhi Province*	81,05	I.—Revenue of Delhi Province *	50,29
2. Miscellaneous items	...	II.—Saving under Calcutta house allowances .	29
		III.—Saving under hill journey and travelling allowances and contingencies on account of shorter move of Secretariat and attached offices †	2,50
Total expenditure .	81,05	IV.—Miscellaneous items	43
Net expenditure .	27,54	Total receipts .	53,51

* Note 1.—The details of this item are given in Statement II-A.

† Note 2.—The figure shown against item III is a minimum figure calculated once for all on the assumption that all offices or portions of offices which previously moved between Calcutta and Simla have subsequently moved regularly between Delhi and Simla. The actual saving throughout has been large owing to certain establishments which previously moved to Calcutta being retained in Simla throughout the cold weather.

BUDGET FOR 1933-34.

STATEMENT I-A.

Details of Capital outlay on the Delhi Project working up to the total figures shown against item 1 in Part I of *pro forma* account.

[Figures in thousands of rupees.]

Items.	Actuals to end of 1931-32.
A.—Pay and allowances—	
(a) Preliminary Investigation—	
(i) Gazetted Government servants*	2,04
(ii) Non-gazetted Government servants	14
(b) Public Works and Electrical officers employed on the Project—	
(i) Gazetted Government servants*	1,26,51
(ii) Non-gazetted Government servants	1,14,22
(c) Other officers employed on the Project—	
(i) Gazetted Government servants*	6,45
(ii) Non-gazetted Government servants	6,81
B.—Travelling allowances of Officers and Establishment—	
(a) Preliminary Investigation—	
(i) Gazetted Government servants*	23
(ii) Non-gazetted Government servants	2
(b) Public Works and Electrical officers employed on the Project—	
(i) Gazetted Government servants*	10,82
(ii) Non-gazetted Government servants	6,97
(c) Other officers employed on the Project—	
(i) Gazetted Government servants*	81
(ii) Non-gazetted Government servants	64
C.—Supplies, Services and Contingencies—	
(a) Preliminary investigation	51
(b) Public Works and Electrical officers employed on the Project	10,15
(c) Other officers employed on the Project	52
Total A, B and C	2,86,84
Deduct—Credits from other heads of accounts	86,05
Net total A, B and C (carried over)	2,00,79

*Note.—The town planners and other experts are included under this head.

BUDGET FOR 1933-34.

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Details of Capital outlay on the Delhi Project working up to the total figures shown against item 1 in Part I of *pro forma* account—*contd.*

[Figures in thousands of rupees.]

Items.	Actuals to end of 1931-32.
Net total A, B, C (brought forward)	2,00,79
<i>D.—Works Expenditure—</i>	
(i) Buildings—	
(a) Government House	1,81,67
(b) Secretariats	1,84,85
(c) Other buildings	2,93,99
(d) Legislative Chambers	88,97
(ii) Communications	32,73
(iii) Miscellaneous Public Improvements	22,53
(iv) Electric Light and Power	69,00
(v) Irrigation	42,81
(vi) Sanitation including water supply, drainage and sewage	1,24,76
(vii) Purchase of tools and plant	95,27
(viii) Stock and Suspense	23,86
(ix) Miscellaneous items	95,88
(x) Maintenance during construction	96,95
(xi) Railway diversion	19,79
E.—Acquisition of land.	34,38
F.—Other Miscellaneous expenditure	1,93
G.—Minus Unallotted Reserve	...
Deduct—Receipts on Capital Account	1,23,64
TOTAL	14,78,50

STATEMENT II-A.

Revenue and Expenditure of Delhi and Delhi Province.

[Figures in thousands of rupees.]

RECEIPTS.		EXPENDITURE.	
Major Heads of Account.	Actuals, 1931-32.	Major Heads of Account.	Actuals, 1931-32.
I.—Customs	...	2. Taxes on Income	79
II.—Taxes on Income	15,43	5. Land Revenue	53
IV.—Opium	...	6. Excise	3,51
V.—Land Revenue	3,39	7. Stamps	9
VI.—Excise	2,82	8. Forests	6
VII.—Stamps	6,91	9. Registration	4
IX.—Registration	53	15. Miscellaneous Irrigation Expenditure	1
XIII.—Irrigation works for which no Capital Account is kept	2	22. General Administration	3,84
XVI.—Interest	1	23. Audit	27
XVII.—Administration of Justice	34	24. Administration of Justice	4,23
XVIII.—Jails and Convict Settlements	12	25. Jails and Convict Settlements	1,20
XIX.—Police	20	26. Police	12,75
XXI.—Education	67	28. Ecclesiastical	32
XXII.—Medical	22	29. Political	10
XXIII.—Public Health	7	31. Education	9,39
XXIV.—Agriculture	5	32. Medical	5,17
XXV.—Industries	4	33. Public Health	1,29
XXVI.—Miscellaneous Departments	57	34. Agriculture	57
XXX.—Civil Works	9,97	35. Industries	27
—Receipts in aid of Superannuation	15	37. Miscellaneous Departments	3
XXXIV.—Stationery and Printing	6	38. Currency	20
XXXV.—Miscellaneous	1,52	41. Civil Works—Delhi Province	24,09
		Civil Works—Viceregal Estates, Delhi	4,35
		44. Territorial and Political Pensions	48
		45. Superannuation Allowances and Pensions	4,09
		46. Stationery and Printing	3
		47. Miscellaneous	4,14
		60B. Commuted value of pensions	-78
TOTAL	50,29	TOTAL	51,03

Appendix V.

COMMERCIAL AND FINANCIAL STATISTICS.

Appen
COMMERCIAL AND

	1924-25.	1925-26.	1926-27.	1927-28.
	Rs.	Rs.	Rs.	Rs.
Recorded revenue compared with recorded expenditure excluding capital expenditure not charged to Revenue—				
Surplus	5,68,25,698	8,31,18,187	..	..
Deficit	..	..	..	..
Capital Expenditure on Railways and Irrigation works not charged to Revenue.	13,46,94,254	19,23,53,255	27,22,07,907	32,48,48,928
Capital charge involved in the purchase of Railways.	..	3,42,73,830	..	..
Capital outlay on the Posts and Telegraphs Department not charged to Revenue.	1,17,55,881	2,23,54,139	32,59,130	46,87,947
Capital outlay on Light-houses and Light-ships.	..	..	..	..
Capital outlay on Vizagapatam Port and Security Printing not charged to Revenue.	..	81,16,371	48,33,320	19,28,440
Payments to Retrenched personnel	..	..	..	..
Initial Expenditure on New Capital at Delhi.	1,42,18,868	99,06,184	61,63,117	46,57,732
Commuted value of pensions not charged to Revenue.	..	..	23,85,222	44,26,219
Currency Capital outlay	..	..	8,66,401	12,94,577
Outlay on Bombay Land Scheme . .	..	..	..	20,74,600
Net Public Debt incurred	6,62,56,684	4,03,60,226	4,86,34,295	+2,44,27,984
Value of commodities exported, excluding Gold and Silver.	4,00,24,30,000	3,86,81,20,000	3,11,05,00,000	3,30,26,40,000
Value of commodities imported excluding Gold and Silver.	2,53,36,40,000	2,36,00,10,000	2,40,81,80,000	2,61,52,40,000
Excess of Exports over Imports, excluding Gold and Silver.	1,46,87,90,000	1,50,81,10,000	70,23,20,000	68,74,00,000
Net Imports of Gold	73,92,60,000	84,85,50,000	19,40,00,000	18,10,00,000
Net Imports of Silver	20,07,40,000	17,12,40,000	19,86,80,000	13,83,60,000
TOTAL NET IMPORTS OF GOLD AND SILVER.	94,00,00,000	51,97,90,000	39,26,80,000	31,93,60,000
Excess of Exports over Imports including Gold and Silver.	62,87,90,000	98,83,20,000	80,96,40,000	36,80,40,000
Net Imports of Currency Notes* . .	8,00,000	(b) 83,00,000	5,20,000	(b) 17,70,000
Excess of Exports over Imports including Gold, Silver and Currency Notes.†	52,84,90,000	98,16,20,000	80,91,20,000	36,98,10,000
Council Bills, and Purchase of sterling. (a)	40,770,162	46,316,500	2,115,000	23,825,000
Rupee Equivalent thereof	55,38,97,524	61,28,87,682	2,81,70,083	37,77,80,264
Sterling obtained in England. . . .	..	..	..	..
Rupee Equivalent thereof	..	..	..	..
Sale of Sterling	..	..	1,425,000	..
Rupee Equivalent thereof	..	..	1,92,67,600	..
Silver coined at the Indian Mints . .	33,25,894	30,73,478	50,40,400	10,15,926

*Recorded from

†Represents net

(a) Includes remittances of the

(b) Net

BUDGET FOR 1933-34.

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FINANCIAL STATISTICS.

1928-29.	1929-30.	1930-3	1931-32.	1932-33, Revised.	1933-34, Budget.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
31,54,002	26,88,598	11,58,44,974	11,74,73,277	2,16,80,000	41,61,000
25,36,12,112	30,18,80,476	13,21,14,812	6,75,72,209	81,25,000	8,30,00,000
3,90,30,076	..	..	..	..	..
53,33,185	33,07,339	-3,67,995	37,91,876	19,66,000	15,80,000
..	12,821	12,821	..	..	..
24,47,840	35,97,772	42,74,927	32,66,376	54,04,000	48,69,000
..	..	..	1,45,487	12,41,000	1,27,000
36,64,628	72,72,239	48,26,555	14,60,663	..	..
36,09,034	38,08,683	42,65,721	42,31,943	65,76,000	60,65,000
8,37,014	68,632	1,35,474	-5,843	1,000	-78,000
+31,64,15,740	+50,50,22,284	2,10,37,335 +40,38,17,953	+39,55,86,853	-18,93,67,000	-25,09,55,000
3,39,15,10,000	8,18,99,00,000	2,26,50,20,000	1,61,20,20,000	1,36,13,31,542	
2,63,39,80,000	2,49,70,70,000	1,73,06,30,000	1,30,64,30,000	1,35,06,19,869	
75,75,30,000	69,28,80,000	53,43,90,000	30,55,90,000	1,07,11,673	
21,20,00,000	14,22,10,000	12,75,20,000	(b) -57,98,30,000	(b)-65,52,27,956	
9,77,00,000	8,62,10,000	10,07,90,000	(b) -42,20,000	(b)-2,01,30,951	
30,97,00,000	22,84,20,000	22,83,10,000	(b) -58,40,50,000	(b)-67,53,58,907	
44,78,30,000	49,44,10,000	30,60,80,000	88,96,40,000	68,60,70,580	
(b)-2,90,000	(b)-15,30,000	8,10,000	(b) -25,60,000	(f)-13,43,433	
44,81,20,000	49,59,40,000	30,57,70,000	89,22,00,000	68,74,14,013	
30,810,000	15,215,000	5,895,000	40,349,000	88,826,000	21,000,000
41,02,18,228	20,39,11,720	7,25,74,925	53,43,41,044	51,76,80,000	28,00,00,000
..	..	..	..	7,11,975	..
..	..	5,733,626	14,047,804	95,33,000	..
..	..	7,74,56,907	19,97,75,086	..	..
52,66,573	1,80,000	18,23,532	..	..	..

April 1922.
exports of gold.
Currency Department.
exports.

COMMERCIAL AND

	1924-25.	1925-26.	1926-27.	1927-28.
Maximum price in pence of an oz. troy standard Silver in London.	36 1/16 (9th Oct.).	33 7/16 (5th Sept.).	30 1/2 (5th May).	27 (6th Dec.).
Minimum price in pence of an oz. troy standard Silver in London.	31 1/2 (29th Dec.).	30 1/2 (19th and 22nd Mar.).	24 1/2 (20th Oct.).	24 1/2 (8th, 11th and 22nd Aug.).
Average Exchange per rupee upon Secretary of State's Bills sold and sterling purchased.	1s. 0'028d.	1s. 6 15d.	1s. 6'02d.	1s. 5'997d.
Average of the daily telegraphic transfer rates from Calcutta on London.	1s. 5'51d.	1s. 6'08d.	1s. 5'902d.	1s. 5'93d.
Rate of Exchange for the adjustment of transactions between the Indian and Imperial Governments.	1s. 4 1/2d., 1s. 5d., 1s. 5 1/2d., 1s. 5 1/2d. and 1s. 6d.	1s. 6d., 1s. 6 1/2d.	1s. 5 1/2d., 1s. 6d. and 1s. 6 1/2d.	1s. 6d.
Maximum rate of discount on loans on demand at the Imperial Bank of India.	9 (1st to 9th Apr.).	7 (1st Apr. to 20th May).	7 (10th Feb. to 31st Mar.).	7 (1st Apr. to 1st June, 22nd Dec. to 31st Mar.).
Minimum rate of discount on loans on demand at the Imperial Bank of India.	4 (31st July to 20th Aug.).	4 (3rd July to 27th Sept.).	4 (10th June to 31st Dec.).	4 (28th July to 7th Sept.).
Maximum rate of discount at the Bank of England.	5 (5th to 31st Mar.).	5 (1st Apr. to 4th Aug. and 3rd Dec. to Mar.).	5 (throughout the year.)	5 (1st to 20th Apr.).
Minimum rate of discount at the Bank of England.	4 (1st Apr. to 4th Mar.).	4 (2nd Oct. to 2nd Dec.).	..	4 1/2
Maximum Government balance at the Imperial Bank of India. Rs.	32,18,07,000 (31st July).	28,96,31,000 (29th May).	36,41,13,000 (July).	19,97,33,000 (1st Apr.).
Minimum Government balance at the Imperial Bank of India. Rs.	7,42,62,000 (31st Dec.).	4,29,57,000 (11th Dec.).	3,85,92,000 (17th Dec.).	8,05,09,000 (7th Oct.).
Maximum price in Calcutta of 5 per cent. War Loan, 1929-47.	94—14	97—4	102—6	101—11
Minimum price in Calcutta of 5 per cent. War Loan, 1929-47.	92—14	94—13	99—14	100—4
Maximum price in Calcutta of 5 per cent. Income-tax free loan, 1945-55.	99—8	101—7	110—4	108—13
Minimum price in Calcutta of 5 per cent. Income-tax free loan, 1945-55.	97	98—13	104—9	105—13
Maximum price in Calcutta of Government 3 1/2 per cent. Rupee Securities.	68—6 (10th July).	78—8 (27th Mar.).	79—1 (15th Dec.).	79—5 (29th Apr.).
Minimum price in Calcutta of Government 3 1/2 per cent. Rupee Securities.	63—4 (18th Sept.).	67—10 (5th May)	74—6 (1st Apr.).	74—6 (9th Dec.).
Maximum price in Calcutta of 8 per cent. Rupee Securities.	58—10 (10th July).	63—14 (25th Mar.).	67—14 (15th to 21st Dec.).	67—14 (29 Apr.).
Minimum price in Calcutta of 8 per cent. Rupee Securities.	53—8 (18th Sept.).	57—15 (15th to 18th May)	63—8 (1st and 6th Apr.).	63—14 (8th Dec.).

BUDGET FOR 1933-34.

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FINANCIAL STATISTICS—*contd.*

1928-29,	1929-30.	1930-31.	1931-32.	1932-33, Revised.	1933-34, Budget.
28½ (21st May).	25½ (2nd and 11th Apr.).	19½ (23rd April)	21½ (10th and 14th Nov.).	18½ (11th August)	
25½ (16th Feb.).	18½ (5th Mar.).	12½ (6th Feb.).	12½ (27th May).	15½ (13th April)	
1s. 6'02d.	1s. 5'709d.	1s. 5'841d.	1s. 6'123d.	1s—6'159d.	
1s. 5'97d.	1s. 5'85d.	1 s. 5.78d.	1s. 5'91d.	1s—6½ ¹ ₁₆ d.	
1s. 6d.	1s. 8d.	1s. 6d.	1s. 6d.	1s. 6d.	
8 (14th Feb. to 31st Mar.).	8 (1st to 10th Apr.).	7 (1st and 2nd April and 15th Jan. to 31st Mar.).	8 (22nd Sept. to 13th January).	6 (1st April to 27th April 1932).	
5 (19th July to 14th Nov.).	5 (6th June to 9th Oct.).	5 (10th July to 19th Nov.).	6 (28th May to 5th August and 25th February to 31st March).	3½ (from 16th February 1933).	
5½ (7th Feb. to 31st Mar.).	6½ (26th Sept. to 30th Oct.).	3½ (In April).	6 (21st Sept. to 17th Feb.).	8½ (from 1st April to 20th April 1932).	
4½ (1st Apr. to 6th Feb.).	3½ (from 20th Mar.).	3 (from 1st May).	2½ (14th May to 22nd July).	2 (from 30th June 1932)	
17,20,73,000 (24th Aug.).	20,85,73,000 (28th June).	23,70,44,000 (29th Aug.).	21,26,89,000 (31st July).	20,08,62,000 (29th July).	
3,71,10,000 (6th Apr.).	5,88,61,000 (7th June).	6,94,35,000 (26th Dec.).	6,35,46,000 (4th Dec.).	5,64,00,000 (18th Nov. 1932).	
100—8	99—4	95—9	94—14	102—7	
99—2	94—12	94—3	79—0	89—12	
106—11	103—12	101—9	101—11	112—2	
103—4	100	59—4	38—8	98—6	
75—10 (21st and 22nd June).	72—5 (10th May).	63—14 (1st and 2nd April).	63—0 (1st—7th April).	83—7	
71—14 (27th Feb. and 1st Mar.).	63—15 (19th Feb.).	61—5 (2nd Mar.).	51—7 (7th Jan.).	60—8	
64—12 (2nd to 5th Apr., 10th Apr., 14th to 25th June).	61—15 (May).	59—1 (1st and 2nd April).	54 (1st—7th April).	71—8	
60—13 (19th to 21st Mar.).	54—13 (Feb.).	52—9 (2nd Mar.).	44—1 (7th Jan.).	51—14	

COMMERCIAL AND

	1924-25.	1925-26.	1926-27.	1927-28.
Maximum amount outstanding on London Register of Rupee Securities enforced for Interest Drafts Rs.	10,20,98,000 (Apr.)	9,48,86,000 (Apr.)	8,59,21,000 (Oct.)	8,73,81,000 (Dec.)
Minimum amount outstanding on London Register of Rupee Securities enforced for Interest Drafts Rs.	9,69,86,000 (Mar.)	8,41,90,000 (Mar.)	8,19,29,000 (Sept.)	8,09,28,000 (Nov.)
Maximum price in London of 3½ per cent. Rupee Securities in £	49½	54½	57½	58
Minimum price in London of 3½ per cent. Rupee Securities in £	45	49½	54½	55½
Maximum price in London of India 3½ per cent. Stock.	69½	69½	74½	73½
Minimum price in London of India 3½ per cent. Stock.	68	63½	67½	68
Maximum price in London of India 3 per cent. Stock.	59½	59½	63½	62½
Minimum price in London of India 3 per cent. Stock.	54	54½	57½	59
Maximum price in London of India 2½ per cent. Stock.	49½	49½	52½	52
Minimum price in London of India 2½ per cent. Stock.	45	46½	48½	47
Maximum price in London of 5½ per cent. Stock, 1932.	103½	103	104	103½
Minimum price in London of 5½ per cent. Stock, 1932.	100	99½	101	100½
Maximum price in London of 6 per cent. Stock, 1932-33.	..	..	..	..
Minimum price in London of 6 per cent. Stock, 1932-33.	..	..	..	..
Maximum price in London of 6 per cent. Stock, 1933-34.	..	..	..	..
Minimum price in London of 6 per cent. Stock, 1933-34.	..	..	..	..
Maximum price in London of 6 per cent. Stock, 1933-35.	..	..	..	..
Minimum price in London of 6 per cent. Stock, 1933-35.	..	..	..	..
Maximum price in London of 6 per cent. Stock, 1935-37.	..	..	..	..
Minimum price in London of 6 per cent. Stock, 1935-37.	..	..	..	..
Maximum price in London of 5½ per cent. Stock, 1936-38.	..	..	..	..
Minimum price in London of 5½ per cent. Stock, 1936-38.	..	..	..	..
Maximum price in London of 4½ per cent. Stock, 1950-55.	89½	91½	93½	94½
Minimum price in London of 4½ per cent. Stock, 1950-55.	85½	85½	88½	86½
Maximum price in London of 4½ per cent. Stock, 1953-63.	..	..	..	..
Minimum price in London of 4½ per cent. Stock, 1953-63.	..	..	..	..
Maximum price in London of 5 per cent. stock, 1942-47.	..	..	..	..
Minimum price in London of 5 per cent. stock 1942-47.	..	..	..	..
Maximum Government Paper Currency outstanding. Rs.	1,84,19,40,000 (Mar.)	1,93,84,10,000 (Mar.)	2,01,09,29,000 (Sept.)	1,86,28,22,000 (Jan.)
Minimum Government Paper Currency outstanding. Rs.	1,71,26,07,000 (June)	1,73,23,07,000 (May)	1,80,03,24,000 (Feb.)	1,69,68,18,000 (June)
Number of Post Office Savings Banks.	10,727	11,162	11,994	12,828
Number of accounts in Post Office Savings Banks.	2,164,478	2,317,890	2,518,142	2,606,071
Amount deposited in Savings Banks Rs.	25,63,94,907	27,23,14,764	29,50,89,541	32,66,63,188
Average of each deposit . Rs.	118.45	117.50	117.19	125.84
Net addition to deposits . Rs.	85,11,737	1,59,19,857	2,27,74,777	3,15,78,647

BUDGET FOR 1933-34.

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FINANCIAL STATISTICS—concl'd.

1928-29.	1929-30.	1930-31.	1931-32.	1932-33, Revised.	1933-34. Budget.
9,08,88,000 (July).	8,71,22,000 (Apr.).	8,54,29,000 (May).	8,33,45,000 (April).	8,38,89,000 (April.)	
8,28,92,000 (June).	8,41,97,000 (March).	8,34,03,000 (March).	8,24,70,000 (Jan.).	8,20,07,000 (Oct.)	
56	53	49½	45½	68	
52½	47	44½	37	44½	
72½	70	68½	65	93½	
66½	55½	55½	41	49½	
62½	60	59½	55½	82	
56½	47	47	34	42½	
52½	50½	49	46	69½	
48½	40½	40½	29½	36	
103½	102	103½	101½	..	
100½	96	96	95	..	
..	..	104 13/16	102½	..	
..	..	99 9/16	90	..	
..	..	(a) ..	(a) 101½	105 29/32	
..	..	..	87	(a) 93½	
..	..	105½	102 7/16	104½	
..	..	99 5/16	87	91½	
..	..	103½	102 15/16	109	
..	..	101	87	88½	
..	..	..	97½	108½	
..	..	..	77	84½	
95 1/16	91½	90	87½	109½	
89½	73	78	55	67½	
95	91½	89½	86 9/16	110½	
87	77	77	54½	67½	
..	..	..	..	112½	
..	..	..	..	95½	
1,92,47,31,000 (Feb.).	1,87,70,73,000 (June).	1,74,14,84,000 (April)	1,82,31,76,000 (February).	1,75,91,48,000 (October)	
1,77,15,84,000 (June).	1,77,23,06,000 (Mar.).	1,56,53,56,000 (Feb.).	1,46,22,59,000 (September).	1,87,83,20,000 (May)	
12,422	12,768	12,846	12,880		
2,020,882	2,804,904	2,477,613	2,401,527		
534,49,07,680	87,13,13,370	87,02,59,875	88,20,33,085		
170·67	161·10	149·44	159·08		
1,82,39,492	2,64,06,690	—10,53,495	1,17,73,210		

(a) According to calendar year.

27/1934 EAST INDIA (BUDGET)

Return to an Address of the Honourable the
House of Commons, dated 9th July, 1934; for,

“RETURN OF THE BUDGET OF THE GOVERNOR
GENERAL OF INDIA IN COUNCIL
FOR 1934-35”

India Office,)
10th July, 1934 }

S. F. STEWART,
Under Secretary of State for India

*Ordered by The House of Commons to be Printed
10th July, 1934*

LONDON

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GOVERNMENT OF INDIA.

FINANCE DEPARTMENT.

BUDGET FOR 1934-35.

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PART I.
Railway Budget.

Speech of the Railway Member

introducing the

Railway Budget for 1934-35.

When presenting my first Railway Budget to the House last year, I ventured with some diffidence to suggest that, though the encircling economic gloom showed no tangible sign of lightening, yet indications were not wanting that we had plumbed the depths of the depression which had overtaken us in common with the rest of the world. Even that guarded opinion was in some quarters regarded as unwarranted by anything more substantial than a facile optimism, and doubts were freely cast on the wisdom of budgeting for so substantial an increase in our earnings for the current year. Though our estimate of receipts for the year may not eventually be reached, it is a matter for some gratification to find that our anticipations of improvement have been substantially justified and that our earnings up-to-date show a material advance over those for the corresponding period of the previous year.

2. Following custom, I will first refer to changes in form before dealing with matters of substance. Very important changes have been made in the forms of demands placed in the hands of Honourable Members, but the limits of a budget speech preclude any detailed description, or explanation, of these changes despite their undoubted interest and importance. One of the major changes concerns the form in which the demands for grants have been recast. These demands are now in the form in which the accounts of railways are kept, and the change has been made in order to facilitate control of expenditure. This change has not only the general approval of the Auditor-General, but has been considered in detail by two committees of this House, *viz.*, the Public Accounts Committee and the Standing Finance Committee for Railways which were unanimous in recommending its adoption.

3. Another important change in the form of our estimates has been caused by the decision to include in them the receipts and expenditure of lines belonging to private companies or Indian States, but worked by our State Railway Systems for a percentage of the gross earnings. This change in procedure follows a recommendation made by Sir Arthur Dickinson and approved by the Standing Finance Committee for Railways. The practice hitherto followed was to deduct both the receipts and expenditure of these lines from the total receipts and expenditure of the system by which they were administered. This procedure, as pointed out by Sir Arthur Dickinson, is fundamentally wrong in principle as the officials of a railway system are engaged in operating all the lines comprising that system, including these worked portions, and the statistics and accounts should properly be based on the total receipts and expenditure of the entire system. As a result of the change, the receipts of the worked lines will from 1934-35 onwards, be added to the receipts of the State owned lines, and out of the total the Legislature will be asked to vote the gross expenditure for working the railway system as a whole including the worked lines. The Legislature will also be asked to vote the sums which will be handed over to the owners of these lines as the share of the earnings which, under contract, the working agency is required to hand over to them after retaining the percentage fixed in the contract.

A 2

To Honourable Members who would like to know in greater detail the reasons for the changes adopted, I would commend a perusal of the Financial Commissioner's Review of the appropriation accounts of Railways for 1931-32 which discusses the question very fully.

It is perhaps difficult to realise, when perusing the papers that will shortly be in the hands of Honourable Members, how great has been the labour involved in preparing the budget in the new form, and I should like to add a word of acknowledgment of the untiring and devoted labours of the Superintendent and staff of the Budget Branch of the Railway Board who have literally worked night and day to ensure that these statements would be ready in time and in as accurate a form as possible.

I also take this opportunity of paying a tribute to the members of the Standing Finance Committee for Railways who have, as always, been assiduous in their duty of scrutinising in detail the estimates of railway expenditure but have had a harder task than usual owing to the radical alterations in the demands made this year. From the reports of the Committee's proceedings which have been prepared in greater detail in accordance with the general wish expressed in this House last year and the large number of memoranda on the estimates which the Members have had to examine in detail, the House will realise the nature and extent of the work which this Committee has had to attend to.

4. It is now superfluous, I am sure, to remind Honourable Members of the advantages of the practice that they have generally followed in recent years of indicating, when giving notices of reductions in demands, the questions which they intend to raise. It enables Government members to supply the House with fuller information on the points raised than would otherwise be possible.

Financial results of 1932-33.

5. Before I go on to deal with the estimates for 1933-34 and 1934-35 which it is my main business to-day to explain to the House, I ought, in order to present a more complete picture, to refer briefly to the results of the year 1932-33, full details of which are available in the Railway Board's report which has recently been published. When I presented the railway budget last year, I anticipated a deficit during 1932-33 of $9\frac{1}{2}$ crores. The actual loss due entirely to a fall in traffic receipts was unfortunately larger. The total loss of $10\frac{1}{2}$ crores was met by a temporary loan from the depreciation fund which, after this transaction, was left with an actual balance of just over 12 crores. The total loans made from the fund to cover deficits amounted at the end of the year to $14\frac{1}{2}$ crores.

Revised estimates for 1933-34.

6. We budgeted for an income during the current year from all sources of $89\frac{1}{2}$ crores and for a total expenditure including depreciation, of just over 64 crores, which would have brought our net revenue to nearly $25\frac{1}{2}$ crores. We now anticipate that our receipts will bring us in $88\frac{3}{4}$ crores instead of $89\frac{1}{2}$ crores, while our expenditure will remain at about the anticipated figure, thus bringing our net traffic receipts to $24\frac{3}{4}$ crores. As our interest charges will amount to $32\frac{1}{2}$ crores, the deficiency for the year will aggregate $7\frac{3}{4}$ crores including the loss of 2 crores on strategic lines, and this will be met again by a temporary loan from the Depreciation Fund, which will now show a balance at the end of the year of $11\frac{3}{4}$ crores, as against 12 crores at the beginning of the year

These are the bare figures, and a brief comment on them may be of some assistance in realising their significance. It is a matter for gratification that our anticipations of an increase in our traffic receipts have in a large measure been fulfilled. The traffic in 1933-34 has been well above the previous year, though we may not be able to reach our original estimates. But though our revised estimate of receipts is half a crore below our original anticipations, it is over 2 crores or $2\frac{1}{2}$ per cent. higher than the figure of last year. It is noteworthy that our goods earnings during the current year are now expected to be nearly $3\frac{1}{2}$ crores, or about 6 per cent. above our earnings in 1932-33. The fact that the increase in traffic has been general and has not been confined to any particular commodity is, I venture to think, of considerable significance as affording some sign of the beginning of a general revival of trade. But for a serious fall in our passenger earnings, we should have had a still better tale to tell of the results of the year. Our passenger earnings are now expected to be about a crore, or nearly 4 per cent., below what we earned in 1932-33. Railways are taking various steps to deal with this situation. On most railways efforts are being made to recover traffic by quoting specially reduced return fares between particular stations and by introducing extra services. We are also trying an important experiment on the North Western Railway on the possibilities of large scale reductions in 3rd class passenger fares. Revised third class fares were introduced over that system with effect from 1st December 1933. These revisions include a reduction in the previous basis of charge of half a pie per mile for distances up to 50 miles and of a quarter pie per mile for distances from 51 to 300 miles and an increase of half a pie per mile for distances over 300 miles. The general effect of the revised basis of charge is a reduction of fares up to distances of 460 miles and a small increase of fares for distances over that figure. The magnitude of this experiment can be realised from the fact that, if no increase of traffic results, it is expected to lead to a loss in earnings of about 45 lakhs. It is, however, an experiment worth making, for it may well be productive of results of real value in determining our future policy in this matter. It is too early to pronounce on the results, but there are indications that traffic is responding, though as yet insufficiently, to the stimulus of our revised rates. We have found that during the first 8 weeks of the period in which these have been in force, the number of passengers increased by 6 per cent. though the earnings fell by 6 per cent. There are, however, indications of further improvement, and the future course of traffic under this experiment will be followed with interest.

Turning to our working expenses, these are not expected to differ very much from our budget estimate. But for the fact that we have had during this year disasters of unparalleled magnitude to meet, they would in all probability have been slightly lower than our original estimate. During the year, however, two railways in particular have suffered heavily from the effects of the earthquake. Particulars of the extent of the damage and of the cost of repairing or reconstructing buildings, bridges and track that have been affected are still scanty. From such information as we have received at present, however, it appears likely that the damage will amount to over three quarters of a crore and may well reach a crore. Fortune has dealt hardly with us in another matter. Once again have the unchained forces of nature proved the limitations of human skill, science and experience. In September last the sudden action of the river Ganges in flood caused a considerable breach in one of the protective works of the Hardinge Bridge on the Eastern Bengal Railway, popularly known as the Sara Bridge. We can only be thankful that the damage was no worse and did not go far enough to cause any immediate danger to the safety of the bridge. But we have had a sufficiently serious warning to

compel us to incur the expenditure of very large sums of money in strengthening and extending the protection and training works connected with the bridge. Here again the total cost is estimated to be well over a crore and might possibly reach a crore and a half. At the same time, we have had to sanction extra expenditure in order to be ready with other alternative means of communication in case the worst happens and if, during the course of the next monsoon, the safety of the bridge is seriously threatened.

Of the total expenditure involved in repairs and reconstruction necessary in these two cases, a considerable amount is an addition to our assets and correctly chargeable to capital, but an amount of between a crore and a crore and a half of rupees would in the ordinary course have been charged to revenue during this year and the next and possibly the year after. After careful consideration and with the concurrence of the Standing Finance Committee for Railways, we have come to the conclusion that, in all the circumstances, it is reasonable and proper not to debit expenditure of this nature to current revenues during such a short period as 2 or 3 years but to distribute it in instalments over a longer period. We, therefore, propose to debit the whole expenditure initially to the Depreciation Fund and repay it out of revenue in annual instalments of 15 lakhs a year till complete repayment is made, which, we hope, will not take more than ten years.

Against the deterioration in our traffic receipts we have to set off a welcome fall in our interest charges owing to a reduction in the rate of interest due to the lower rates at which Government have been able to borrow during the year. These factors have balanced each other and our present anticipation is that the final results will, as stated, show an aggregate deficiency of $7\frac{3}{4}$ crores, including the usual loss of about 2 crores on strategic lines. This is in accordance with our anticipations at the beginning of the year, and the loss will be met by a temporary loan from the depreciation fund.

Budget estimate for 1934-35.

7. Stated briefly and, in order to facilitate comparison, neglecting for the moment the effect of the inclusion of the receipts and expenditure of worked lines in our estimates for 1934-35, we estimate our total receipts from State lines next year at $91\frac{1}{2}$ crores and our total expenditure including depreciation at $64\frac{1}{2}$ crores. With our interest charges estimated at 32 crores, the total deficiency should be approximately $5\frac{1}{2}$ crores. A loan of this amount from the Depreciation Fund would leave that fund in credit to the extent of $11\frac{1}{2}$ crores at the end of the year, as compared with $11\frac{3}{4}$ crores at the beginning of the year. We think we shall not be unduly optimistic in estimating, for next year, an increase in traffic receipts to the extent of $2\frac{1}{2}$ crores, an improvement of 3 per cent. on our figures for this year. The steady upward trend in our goods earnings this year justifies us, we believe, in the hope that at last we are fairly on the road to recovery, though it would be rash to anticipate any rapid progress as yet along that road.

We expect our working expenses to be a little higher than during the current year. Our ordinary working expenses have been steadily reduced from year to year since our traffic began to drop, but the major retrenchments have all been effected, and to the extent that reductions represented merely a postponement of expenditure, the time is soon coming, if it has not already come, when it would be unwise and indeed unsafe to postpone it any longer. The most hopeful prospects of reducing expenditure still further seem to us at present to lie in the results of the detailed job analyses now being conducted by the special temporary organisation we have set up on various railways

on the advice of Mr. Pope. The possible savings may be small individually, but we have no doubt that in the aggregate they will amount to something substantial. Apart from this, we expect a fall in gratuities payable to railway staff which have been abnormally high during the last few years on account of our retrenchment of staff. If traffic continues to improve, as we hope it will, no further block retrenchments should be necessary.

The total increase in our working expenses we place in the neighbourhood of a quarter of a crore, and this is mainly the result of the normal increments earned by staff on time-scales of pay. It will be offset by a further diminution in interest charges on account of the average rate of interest being expected to be still lower. In the result, we expect our total deficiency to be reduced to 5½ crores, or very nearly 2½ crores below the figure for the current year.

8. In presenting the budget estimates for the current year, I ventured to lay some emphasis on what I held to be the undeniable strength and soundness of the financial position of Indian railways notwithstanding the deficits that have been experienced since 1931-32. The results of 1933-34, so far as we know them at present, have, if anything, confirmed me in that view. Taking the period of eleven years beginning from 1924-25 and ending 1934-35, we find that the first six years were a period of prosperity and the following five years have been otherwise. The crescendo of deficits began in 1930-31 with 5 crores, grew to 9½ crores in 1931-32 and reached its height in 1932-33 with a figure of 10½ crores. We hope that that constitutes the peak, for we expect our deficit to be 7½ crores in 1933-34 and about 5½ crores in 1934-35. A naked statement of these deficits is, however, calculated to give an entirely inaccurate impression of the real financial position. I will endeavour to convey what I think is a more correct picture by stating the financial position of the past three years from a somewhat different angle. Taking our commercial lines alone for the present, it will be seen that even in 1932-33, which may be regarded as the worst year during this period, our net revenue from all sources amounted to 23½ crores and during that year we put by to the depreciation reserve a sum of 7½ crores more than we actually required to withdraw for our current expenditure on renewals and replacements. Even in the worst year of this dark period it will thus be seen that our earnings only fell short by one crore, of the amount, viz., 31½ crores, required to pay the full interest on the Capital at charge. In the following two years, viz., 1933-34 and 1934-35, our estimate of net revenue from all sources is 25½ and 27½ crores respectively. If payments to the depreciation reserve were confined to what was needed to meet our urgent and necessary requirements, our net revenue in each of these two years would be over 32 crores and would exceed the sum necessary for our interest charges on commercial lines by a crore and a half.

Including strategic lines, against our deficits amounting to 13 crores in the two years referred to, must be set the additional appropriations amounting to 12½ crores that we are making to the depreciation account after meeting not only all the normal expenditure on renewals and replacements debitable to the fund during these years, but very heavy abnormal expenditure of 1½ crores to repair earthquake damages and the damages to the Hardinge Bridge caused by the vagaries of the Ganges. These figures, I hope, afford ample justification for the opinion I have expressed as to the intrinsic strength of the financial position of the Indian Railways.

9. Some comment is necessary on our programme of works expenditure for 1934-35 which, though less ambitious than the programmes which Railways

were accustomed to in the pre-depression days, is still considerably more extensive than those of the last two years. We propose a total expenditure of just over 14 crores, of which we expect to find three quarters of a crore by a further reduction in stores balances. Except one small new line of five miles, costing 3 lakhs on the South Indian Railway, to which we are committed as part of the arrangements made when the Tanjore District Board Railway was transferred to Government some years ago, the small expenditure of 11 lakhs provided is merely to complete lines started long ago. There are a few projects, like the Bombay Sind Connection and the Pollachi-Vananturai line in South India, the prospects of which are under examination, but our examination has not yet reached a stage at which we can arrive at a definite conclusion in regard to their remunerativeness. We have not, therefore, felt justified in asking the Assembly to provide funds for them. We hope to complete our examination in the course of the next few months. If we find that these projects are likely to be remunerative under present conditions of cheap money and low prices of material and desire to start construction during the next working season, we shall take steps to place our proposals before the Standing Finance Committee for Railways and ask the Assembly for the requisite additional grant. As regards open line works, our programme includes $4\frac{3}{4}$ crores for track renewals, and $3\frac{1}{4}$ crores for rolling stock in addition to $1\frac{1}{2}$ crores for works in progress. The amount provided for new works is under $4\frac{1}{2}$ crores. Of this, a sum of about $1\frac{1}{4}$ crores is required for repairs and additions to the protection works of the Hardinge Bridge to which I have already referred and for repairing earthquake damages. As I have mentioned, it is our intention not to charge directly to current revenues any expenditure on these items, but to debit initially to the depreciation fund whatever is not chargeable to capital, and repay this amount from revenue by annual instalments of 15 lakhs. Another item of importance is the remodelling of part of the Jamalpur Workshops on the East Indian Railway where, as a measure of economy and efficiency, it was intended to concentrate heavy repairs to engines. This was originally initiated as a remunerative project, but it has since been rendered imperative by the demolition of some of the existing shops by the recent earthquake.

That completes the financial picture which I have to present to the House. If it is not as bright as we might have wished, it might easily have been much darker.

10. I will now pass, before I close, to one or two matters of general interest on which Honourable Members will, I am sure, expect some observations from me.

There is, I believe, much misapprehension as to the attitude of the railway towards those competitive forms of transport which have of recent years been making inroads into their traffic. Speaking for Indian Railways generally, I would like to combat any impression that they desire to maintain, at any cost and by any means, a monopolistic position from which to exploit the public. True, they cannot be expected to welcome unequal competition with open arms, but they recognise its inevitability and appreciate the fact that they must meet it largely by better and more attractive service. But what in the interests of the country they are chiefly concerned with, is the elimination of wasteful competition and the utilisation of the available resources of the State to the best possible advantage of the public. It is obviously, for instance, in the public interest that such limited funds as there are should be spent on opening up unopened tracts rather than on duplicating existing lines of communication. With the object of exchanging ideas, the Government of India convened at Simla in April last a Conference which the representatives of

Local Governments, of Railways, and of certain unofficial organisations, were invited to attend. This Conference discussed, and agreed to, some eight Resolutions, framed with the intention of securing the greater co-ordination of transport, the better control of public motor services and the more scientific and economic development and planning of roads. These Resolutions were not of course binding on the parties to the Conference, but as a result of some useful discussions, I feel sure that the representatives of Local Governments who attended came to appreciate how closely the prosperity of the country is bound up with that of its railway system. The Government of India are now in correspondence with the Local Governments on these resolutions and have every reason to hope that a beginning has been made in attracting the serious attention of the various authorities concerned to a problem which has been found so difficult of solution in other parts of the world and in securing recognition of the fact that it can only be successfully attacked through co-operation between the various administrative units that under the existing system of Government have control over the different parts of this complex problem.

11. I have no doubt that, during the course of the next week, opportunities will be available and will be freely utilised by Honourable Members to give expression to their views on what must be regarded as a matter of first importance to the future administration of Railways in India, the proposed Statutory Railway Authority. Today it is only necessary for me to express our warm appreciation of the spirit in which the members of the Committee which considered this question in London approached their task and of the contribution made towards the solution of this difficult problem by their report.

It will be observed that we have not yet embarked on the investigation which I foreshadowed last year in connection with our Depreciation Fund procedure. This is not due to any change in the perspective in which we view this question, or in our opinion of its importance. But, after a very full preliminary examination, we came to the conclusion that it might well be left for investigation concurrently with other important financial questions which must be settled in connection with the future changes in the administration of Indian Railways.

12. Deficit budgets are not a source of anxiety merely to Finance Member and to Governments. The Administrative Staffs of Commercial, or quasi-Commercial, Departments feel more keenly than outsiders realise, the paralysing influence of continued deficits. Retrenchment, economy and the curtailment of opportunities for development combine to produce an effect calculated to dishearten the most enthusiastic and to discourage the most stouthearted. I would like to pay my tribute to all railwaymen for the steadfastness with which they have faced the depression of the past few years. Happily we may, with some justification, hope that the clouds are at last beginning to exhibit signs of lifting. Such improvement as our revenues have shown in the current year has been persistent and well maintained. The steady enlargement of our goods traffic is an indication that trade and confidence are beginning to revive. If we have still far to go before we can reach normality, we can at least face the coming year with renewed hope and lighter hearts.

BUDGET

of the

Railway Revenue and Expenditure of the Governor-General in Council, As laid before the Indian Legislature, 1934.

RAILWAY DEPARTMENT ;

P. R. RAU,

*New Delhi, 13th February 1934.**Financial Commissioner of Railways.*

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1.—Statement of the Revenue of the Central

HEADS OF REVENUE.	ACCOUNTS, 1932-33.				REVISED ESTIMATE.	
	India.	England.	Exchange.	TOTAL.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
XI.—State Railways—						
(a) Commercial lines—						
Gross receipts—						
Passenger traffic earnings—						
Upper class . . .	3,21,27,000	...	...	3,21,27,000	3,03,00,000	...
Third class . . .	25,32,64,757	...	...	25,32,64,757	24,39,00,000	...
Other coaching traffic earnings.	4,91,91,599	...	...	4,91,91,599	4,74,00,000	...
Goods traffic earnings .	53,08,18,490	...	...	53,08,18,490	50,57,00,000	...
Sundry earnings . . .	1,57,34,529	2,513	—10	1,57,37,031	1,64,48,000	2,000
Credits for materials released from works chargeable to the Depreciation Fund.	1,19,80,334	...	...	1,18,86,344	1,21,00,000	...
TOTAL EARNINGS . . .	89,28,23,710	2,512	—10	89,28,25,221	91,58,38,000	2,000
Deduct—						
Refunds of Revenue collected.	10,93,639	...	...	10,93,639	11,40,000	...
Earnings of worked lines	4,86,38,550	...	...	4,86,38,550	5,00,00,000	...
Earnings of State Railways.	84,30,92,530	2,512	—10	84,30,95,033	86,46,98,000	2,000
Suspense	3,91,578	...	...	3,91,578	...	...
Gross receipts of State Railways.	84,34,84,408	2,512	—10	84,34,86,910	86,40,98,000	2,000
Deduct—						
Working expenses of State Railways.	60,46,88,055	48,84,287	—13,264	60,95,59,083	60,83,22,000	47,88,000
Surplus profits paid to Indian States and railway companies.	65,20,731	...	...	65,20,731	66,50,000	...
Payments to worked lines—						
(i) Net earnings . . .	...	...	...	...	...	...
(ii) Subsidy, Rebate, etc.	...	...	...	...	...	...
Net receipts	23,32,75,033	—48,1,775	13,244	22,74,07,091	25,27,26,000	—47,34,000
(b) Strategic lines—						
Gross receipts	1,27,54,149	...	...	1,27,54,149	1,28,10,000	...
Deduct—						
Refunds of Revenue collected.	13,584	...	...	13,584	10,000	...
Working expenses . . .	1,90,00,446	8,221	—17	1,90,03,650	1,93,50,000	...
Net receipts	—63,59,881	—3,221	17	—62,63,085	—63,50,000	...
Total net receipts, Commercial and Strategic lines.	22,60,15,741	—48,84,996	13,261	22,11,44,000	24,61,70,000	—47,34,000
XII.—Subsidized Companies—						
Government share of surplus profits, etc.	20,77,405	70,460	—63	21,47,782	19,08,000	1,02,000
XII-A.—Miscellaneous Railway Receipts—						
(a) Commercial lines—						
Interest on Depreciation Reserve and Reserve Fund balances.	65,14,272	...	...	65,44,272	56,02,000	...
Dividend on investments in branch lines and other Miscellaneous Receipts.	8,63,212	...	...	8,63,212	9,00,000	...
(b) Strategic lines—						
Interest on Depreciation Fund balances.	7,24,083	...	...	7,24,628	8,33,000	...
TOTAL RECEIPTS . . .	23,82,35,613	—48,14,536	13,178	23,14,34,255	26,55,00,000	—46,32,000
XII-B.—Transfers from Railway Reserve Fund.	...	...	...	...	...	...
XII-C.—Withdrawal of sums deposited on account of the Railway Depreciation Fund.	10,22,93,151	...	...	10,23,93,151	7,78,11,000	...
TOTAL	33,65,18,764	—48,14,536	13,178	33,39,17,406	33,33,20,000	—46,32,000

Government from Railways in India and England.

1933-34.			BUDGET ESTIMATE, 1934-35.				Increase (+) Decrease (-) as compared with Revised, 1933-34.
Exchange.	TOTAL.	Increase (+) Decrease (-) as compared with Budget, 1933-34.	India.	England.	Exchange.	TOTAL.	
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
...	3,02,00,000	-14,00,000	3,09,00,000	...	...	3,09,00,000	+7,00,000
...	24,30,00,000	-1,70,00,000	24,31,00,000	...	...	24,31,00,000	+52,00,000
...	4,74,00,000	-6,10,000	4,80,85,000	...	...	4,80,85,000	+5,95,000
...	58,57,00,000	+1,57,00,000	58,00,00,000	...	...	58,00,00,000	+2,03,00,000
...	1,61,50,000	-3,65,000	1,69,95,000	2,000	...	1,70,60,000	+5,50,000
...	1,21,00,000	-1,60,000	1,21,00,000	...	...	1,21,00,000	...
...	91,58,40,000	-37,35,300	94,31,83,000	2,000	...	94,31,85,000	+2,73,45,000
...	11,40,000	-2,35,000	11,85,000	...	...	11,85,000	+45,000
...	5,00,00,000	+16,00,000	...	...	...	...	-5,00,00,000
...	88,47,00,000	-45,00,000	94,19,98,000	2,000	...	94,30,00,000	+7,78,00,000
...	...	...	...	...	...	...	...
...	56,17,00,000	-45,00,000	94,19,98,000	2,000	...	(a)94,20,00,000	+7,73,00,000 (a)
-8,000	61,10,50,000	-6,50,000	63,52,48,000	43,02,000	...	(b)63,95,50,000	+2,85,00,000 (b)
...	65,50,000	+2,50,000	58,00,000	...	...	58,00,000	-50,000
...	...	...	2,80,00,000	4,00,000	...	2,84,00,000	+2,84,00,000
...	...	...	13,90,000	...	...	13,90,000	+13,90,000
8,000	24,80,00,000	-41,00,000	27,37,60,000	-47,00,000	...	26,90,60,000	+2,10,60,000
...	1,28,10,000	-5,15,000	1,30,15,000	...	...	1,30,15,000	+3,05,000
...	10,000	-15,000	15,000	...	...	15,000	+5,000
...	1,98,50,000	+50,000	1,94,50,000	...	...	1,94,50,000	+1,00,000
...	-65,50,000	-5,50,000	-64,50,000	...	...	-64,50,000	+1,00,000
8,000	24,14,50,000	-43,50,000	26,73,10,000	-47,00,000	...	26,26,10,000	+2,11,60,000
...	21,00,000	-58,000	20,63,000	88,000	...	21,50,000	+50,000
...	58,02,000	-8,49,000	51,39,000	...	...	51,39,000	-4,63,000
...	9,00,000	+2,50,000	19,70,000	...	...	19,70,000	+10,70,000
...	8,38,000	-41,000	9,36,000	...	...	9,36,000	+1,03,000
8,000	25,08,85,000	-63,48,000	27,74,17,000	-48,12,000	...	27,25,05,000	+3,19,20,000
...	...	...	...	...	...	...	...
...	7,73,11,000	+90,000	5,30,23,000	...	...	5,30,33,000	-2,47,80,000
8,000	32,88,96,000	-54,40,000	33,04,39,000	-48,13,000	...	32,56,37,000	-32,69,000

(a) Includes Rs. 5,36,00,000. earnings of worked lines.

(b) Includes Rs. 2,95,00,000. working expenses of work

2.—Statement of the Expenditure on Railways charged to

HEADS OF EXPENDITURE.	ACCOUNTS, 1932-33.				REVISED ESTIMATE,	
	India.	England.	Exchange.	TOTAL.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
10. State Railways:—						
(a) Commercial lines—						
Interest—						
on Government capital at charge	18,62,39,404	11,51,89,060	—3,89,163	30,10,39,311	18,16,34,000	11,53,96,000
on capital contributed by Indian States and Companies.	3,77,058	1,30,33,683	—52,796	1,33,57,944	3,54,000	1,35,21,000
Total interest, commercial lines . .	18,66,16,462	12,82,22,742	—4,41,949	31,43,97,255	18,19,88,000	12,79,17,000
(b) Strategic lines—						
Interest on capital at charge . .	1,46,55,062	...	...	1,46,55,062	1,43,15,000	...
TOTAL INTEREST . .	20,12,71,524	12,82,22,742	—4,41,949	32,90,52,317	19,63,03,000	12,79,17,000
11. Subsidized Companies—						
Land	—30,533	...	...	—30,533	1,85,000	...
Subsidy	5,85,385	...	...	5,85,385	6,25,000	...
12. Miscellaneous Railway expenditure—						
Commercial lines	27,85,051	13,08,100	—4,504	40,83,647	28,03,000	10,63,000
Strategic lines	26,590	...	..	26,590	25,000	...
Payments to general revenues—						
Contribution	...	...	...	...	...	...
12A.—Surplus Railway Revenue transferred to Railway Reserve Fund.						
TOTAL . .	20,46,38,017	12,95,25,842	—4,46,463	33,37,17,406	19,89,41,000	12,89,79,000

the Revenue of the Central Government in India and in England.

1933-34.			BUDGET ESTIMATE, 1934-35.				
Exchange.	TOTAL.	Increase (+) Decrease (-) as compared with Budget, 1933-34.	India.	England.	Exchange.	TOTAL.	Increase (+) Decrease (-) as compared with Revised, 1933-34.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
-2,00,000	29,68,30,000	-49,04,000	17,65,80,000	11,64,80,000	...	29,40,40,000	-27,90,000
-22,000	1,28,63,000	-1,38,000	3,87,000	1,20,63,000	...	1,24,00,000	-4,53,000
-2,22,000	30,96,83,000	-60,42,000	17,89,17,000	12,75,23,000	...	30,64,40,000	-32,43,000
...	1,43,15,000	-2,80,000	1,40,77,000	...	...	1,40,77,000	-2,38,000
-2,22,000	32,39,98,000	-63,32,000	19,29,94,000	12,75,38,000	..	32,05,17,000	-34,61,000
...	1,85,000	+5,000	50,000	...	...	50,000	-1,35,000
...	6,25,000	+55,000	3,10,000	...	...	3,10,000	-3,15,000
-2,000	38,63,000	+18,000	40,90,000	8,38,000	...	49,38,000	+10,63,000
...	25,000	-5,000	24,000	...	...	24,000	-1,000
...	...	...	...	...	...	...	...
...	...	...	...	...	...	...	...
-2,24,000	33,96,98,000	-62,49,000	19,74,68,000	12,68,69,000	...	33,58,37,000	-28,68,000

2(a).—Contribution from Railway to General Revenues, 1923-34.

(Based on actuals, 1931-32.)

	Rs.	Rs.
1. 1 per cent. on capital of 7,22,94,985 at charge, commercial lines		7,22,94,985
2. (i) Receipts—Commercial lines—		
Gross traffic receipts	85,31,15,835	
Subsidised Companies' share of surplus profits	14,74,856	
Interest on Depreciation and Reserve Fund balances	86,77,263	
Dividend on investments in branch lines and other miscellaneous receipts	12,40,048	
(ii) Charges—Commercial lines—		86,45,07,992
Working expenses	60,85,91,143	
Indian States and Railway Companies' share of surplus profits	64,18,568	
Interest—		
on capital at charge	30,26,02,411	
on capital contributed by Indian States and Companies	1,31,13,756	
Land and subsidy	9,17,096	
Miscellaneous railway expenditure	41,70,458	
Contribution at 1 per cent. on capital at charge	7,22,94,985	1,00,91,68,747
(iii) Deficit		14,46,60,565
(iv) Contribution of one-fifth of surplus		...
3. (i) Total contribution from railway revenues [i.e. 2 (iv)]	...	7,22,94,985
Deduct—Loss on strategic lines borne by railway revenues—		
(i) Interest on capital	1,48,87,430	
(ii) Loss in working	47,52,463	
(iii) Interest on the amount of loss in working met from Depreciation Reserve Fund of Commercial lines.	5,54,828	
		2,01,94,741
(ii) Net payment due from railway to general revenues in 1933-34	...	5,21,00,244

RAILWAY BUDGET AS PRESENTED.

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2 (a).—Contribution from Railway to General Revenues, 1934-35.

(Based on actuals, 1932-33.)

	Rs.	Rs.
1. 1 per cent. on capital . . . 22,45,01,133 at charge, commercial lines		7,22,45,011
2. (i) Receipts—Commercial Lines—		
Gross traffic receipts	84,34,86,910	
Subsidised Companies' share of surplus profits	21,47,783	
Interest on Depreciation and Reserve Fund balances	65,44,272	
Dividend on investments in branch lines and other miscellaneous receipts	8,68,212	
(ii) Charges—Commercial Lines—		85,30,42,176
Working expenses	60,95,69,088	
Indian States and Railway Companies' share of surplus profits	65,20,731	
Interest—		
on capital at charge	30,10,36,311	
on capital contributed by Indian States and Companies	1,38,67,944	
Land and subsidy	5,54,853	
Miscellaneous railway expenditure	40,83,047	
Contribution at 1 per cent. on capital at charge	7,22,45,011	
		1,00,73,60,584
(iii) Deficit		15,43,18,408
(iv) Contribution of one-fifth of surplus		...
3. (i) Total contribution from railway revenues [1 plus 2 (iv)]	...	7,22,45,011
Deduct—Loss on strategic lines borne by railway revenues—		
(i) Interest on capital	1,40,56,062	
(ii) Loss in working	55,64,692	
(iii) Interest on the amount of loss in working met from Depreciation Reserve Fund of commercial lines	5,60,087	
		2,07,79,841
(ii) Net payment due from railway to general revenues in 1934-35	...	5,14,65,170

3.—Statement of Receipts of the Central Government in India and England for State

HEADS OF ACCOUNT.	ACCOUNTS, 1932-33.				REVISED ESTIMATE.	
	India.	England.	Exchange.	TOTAL.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
XLI.—Capital contributed by Railway Companies and Indian States towards outlay on State Railways	...	1,03,40,000	54,137	1,03,94,137	...	...

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Capital Contributed by Railway Companies and Indian States towards Outlay on Railways.

1933-34.			BUDGET ESTIMATE, 1934-35.				Increase (+) Decrease (-) as compared with Budget, 1933-34.
Exchange.	TOTAL.		India.	England.	Exchange.	TOTAL.	Increase (+) Decrease (-) as compared with Revised, 1933-34.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
...	...	...	..	..	...	...	...

4.—Statement of the Capital Expenditure of the

HEADS OF EXPENDITURE.	ACCOUNTS, 1932-33.				REVISED ESTIMATE,	
	India.	England.	Exchange.	TOTAL.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Railway Capital not charged to Revenue :—						
53.—Construction of State Railways :—						
(a) Commercial Lines—						
Open Line Works—						
Rolling Stock				—40,96,000		
Other Works				1,60,50,344		
New Construction . . .				58,03,206		
Suspense				—1,58,84,000		
Emergency deductions from pay.				— 9,08,000		
TOTAL .	—74,08,088	1,04,16,732	—35,096	29,73,650	—78,38,000	1,00,00,000
(b) Strategic Lines—						
Open Line Works—						
Rolling Stock				—0,48,000		
Other Works				5,74,709		
New Construction . . .				22,000		
Suspense				—22,03,000		
Emergency deductions from pay.				—5,000		
TOTAL .	—22,59,291	...	...	—22,59,291	—1,50,000	...
TOTAL COMMERCIAL AND STRATEGIC LINES .	—96,67,377	1,04,16,732	—35,096	7,14,259	—74,88,000	1,00,00,000
53-C.—Discharge of Debentures . .	3,70,759	20,68,667	—14,263	24,25,173	..	20,37,000

RAILWAY BUDGET AS PRESENTED.

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Central Government in India and England on Railways.

1933-34.			BUDGET ESTIMATE, 1934-35.				Increase (+) Decrease (—) as compared with Revised 1933-34.
Exchange.	TOTAL.	Increase (+) Decrease (—) as compared with Budget, 1933-34.	India.	England.	Exchange.	TOTAL.	
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
	—1,03,10,000	—1,82,53,000				64,41,000	+1,67,51,000
	2,50,55,000	—01,53,000				4,67,23,000	+2,16,68,000
	25,31,000	—7,04,000				11,10,000	—14,11,000
	—1,41,00,000	—21,20,000				—60,85,000	+80,15,000
	—5,16,000	—2,21,000				—7,04,000	—1,88,000
—17,000	26,50,000	—8,04,50,000	8,02,85,000	1,72,00,000	...	4,74,85,000	+4,48,35,000
	15,000	—42,000				—3,00,000	—3,15,000
	7,40,000	+1,47,000				5,21,000	—2,19,000
	...	...				...	...
	—9,00,000	—1,55,000				—9,00,000	...
	—5,000	...				—6,000	—1,000
...	—1,50,000	—50,000	—8,85,000	...	...	—6,85,000	—5,35,000
—17,000	25,00,000	—8,05,00,000	2,96,00,000	1,72,00,000	...	4,68,00,000	+4,43,00,000
—4,000	20,23,000	+20,23,000	...	...	...	...	—21,20,000

A.—Railway Depreciation Reserve Fund.

	Accounts, 1932-33.	Budget Estimate, 1933-34.	Revised Estimate, 1933-34.	Budget Estimate, 1934-35.		Accounts, 1932-33.	Budget Estimate, 1933-34.	Revised Estimate, 1933-34.	Budget Estimate, 1934-35.
	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.
Opening balance.	14,68,64,037	13,67,38,937	12,06,21,913	11,79,10,913	Appropriation from Depreciation Reserve Fund.	16,67,63,634	13,72,12,060	13,67,11,000	14,00,22,000
Appropriation to Depreciation Reserve Fund.	13,77,30,610	13,75,00,000	13,60,00,000	13,65,00,000	Closing balance.	12,06,21,913	13,70,26,937	11,79,10,913	11,43,88,913
TOTAL	28,63,86,547	27,42,38,937	25,66,21,913	25,44,10,913	TOTAL	28,63,86,547	27,42,38,937	25,66,21,913	26,44,10,913

B.—Railway Reserve Fund.

	Accounts, 1932-33.	Budget Estimate, 1933-34.	Revised Estimate, 1933-34.	Budget Estimate, 1934-35.		Accounts, 1932-33.	Budget Estimate, 1933-34.	Revised Estimate, 1933-34.	Budget Estimate, 1934-35.
	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.
Opening balance.	46,81,114	46,81,114	46,81,114	46,81,114	Appropriation from Re- serve Fund.	...	...	...	...
Appropriation to Reserve Fund.	...	...	...	...	Closing Balance.	46,81,114	46,81,114	46,81,114	46,81,114
TOTAL .	46,81,114	46,81,114	46,81,114	46,81,114	TOTAL .	46,81,114	46,81,114	46,81,114	46,81,114

Speech by the Hon'ble Sir Guthrie (Russell, Chief Commissioner of Railways, in presenting the Railway Budget for 1934-35 in Council of State.

SIR,

I have the honour to present a statement of the estimated revenue and expenditure of the Governor General in Council for the coming year in respect of Railways. As is customary on this occasion, I shall review the results of the last financial year, the present financial year and the prospects of the year which we are about to enter. I cannot claim that the results of this and last year are all that can be desired from the point of view of the taxpayer, but I hope to be able to prove to the satisfaction of the Council that not only are the results of this year likely to be considerably better than of last year but that the prospects for next year are such as to encourage at least a spirit of restrained optimism. There is little doubt that at the moment the outlook in most parts of the world is more hopeful than it has been for some time past. During the past few months the impression I have had from my talks with business men in India and from abroad is that there are better times ahead. No one was prepared to say that we had completely turned the corner of depression but nearly all were agreed that the turn was at least in sight though there might be some set-backs before true prosperity returned. In view of the prospects of at least some revival in trade, not only in India but throughout the world, I trust the Council will agree that there are reasonable grounds for predicting a further progressive rise in Railway earnings during 1934-35. Whether we are justified in doing this, only time can tell; for, as I have stressed on previous occasions, not only are our earnings susceptible to a change in world conditions, quite independent of anything which may happen in India, but our working expenses may also be seriously affected by events over which we have no control. This has been very forcefully brought to our notice by the recent disastrous earthquake in India, which, we estimate, has done about one crore of damage to Indian Railways. Then again we have had very serious damage done to the protection works of the Hardinge Bridge by floods in the Ganges, the cost of repairing which may amount to as much as $1\frac{1}{2}$ crores.

2. Our actual gross earnings during 1932-33 were 85.62 crores against 86.50 crores forecasted in our revised budget estimate for the year. The decrease on our forecast was entirely due to taking too optimistic a view of our traffic receipts. Actually our estimate of working expenses was practically correct. Let us assume for a moment that the Railways of India are run by a private company. If this were so, after making full allowance for our depreciation fund charges, our net revenue, or profit, would have amounted to 22.68 crores, and this is the amount which, if we were a Board of Directors, we would have had for distribution to our shareholders, and we could have declared a dividend of about 3 per cent. on our shares—not a bad result in these times. However, as the Council is aware, we are not in the position of a private company, and we have got the liability of fixed interest charges. The result is that there is a loss in working for the year 1932-33 of 10.23 crores. This loss has been met by a temporary loan from the Depreciation Fund, which leaves a balance of about 12 crores in that fund.

3. In placing the budget estimate for 1933-34 before the Council, I estimated our traffic receipts at 88.25 crores and our working expenses

including appropriation to the Depreciation Fund, at 63·10 crores, giving a profit on the analogy of Company-owned Railways, or net earnings, of 25·15 crores. I may say that, up till two or three weeks ago, we had every hope that our anticipations, both of earnings and working expenses, would prove to be correct. Our weekly returns had shown a steady increase in our gross earnings, as compared with last year, and there seemed to be no reason to anticipate that our working expenses would exceed our estimates. About three weeks ago, however, we had a set-back, and our traffic, as compared with last year, for one week dropped by about 8 lakhs. Admittedly, the returns for the following weeks have shown a welcome revival, but this set-back has been a warning that the barometer of railway earnings is not yet set fair, and we have, therefore, considered it advisable to place our earnings for this financial year at half a crore less than our original estimate. This is actually about 2½ crores more than our earnings for the previous year.

4. The increase in this year's earnings has been entirely under goods, and we now expect the receipts from this traffic to be about 3½ crores, or 6 per cent. better than last year. This increase is general to all commodities and it gives an indication that there are fair prospects of a revival in trade. Unfortunately, our passenger earnings do not show the same upward tendency, and we estimate that they will be about 1 crore, or 4 per cent., less than they were last year. I think it may be taken as a generally accepted fact that goods earnings react quicker to a revival of trade than passenger earnings, and there is every hope that, as trade further improves, our passenger earnings, if they do not increase, will at least not tend to decrease further.

5. So much for our earnings. As regards our working expenses, despite the tragedy of the earthquake and the unforeseen and unforeseeable damage to the protection works of the Hardinge Bridge over the Ganges, which I have already referred to, we do not anticipate that our working expenses will differ to any great extent from our budget forecast. But for these unlooked for disasters, we would have expected our working expenses to be slightly lower than our anticipations. As these disasters will not, we hope, be of a recurrent nature, we have, with the approval of the Standing Finance Committee for Railways, decided to debit the cost of the damage caused by the earthquake and the Ganges floods to, in the first instance, the Depreciation Fund and reimburse the Depreciation Fund by annual instalments from Revenue of 15 lakhs per annum. The debit to Revenue will, therefore, be spread over a period of ten years.

6. As I have said, we now anticipate that our gross earnings will be about half a crore less than our expectations and our working expenses about the same as our budget estimate, so that our profit, or net earnings, should fall short by half a crore of our expectations. This will, however, be neutralized by a fall in our interest charges of about the same amount, our final position, therefore, in respect of our profit and loss account, should be as forecasted 12 months ago, namely, a loss, after paying all charges including interest, of 7½ crores. We thus hope to reduce our loss on the year's working as compared with last year by about 2½ crores. The loss, as in previous years, will be met by a temporary loan from the Depreciation Fund, which, at the end of this financial year, should stand at 11½ crores.

7. As I mentioned at the commencement of my budget speech, we, after weighing up all known factors and taking into account the undoubtedly brighter trade outlook, have come to the conclusion that we can look forward to the coming year with a certain degree of optimism. We, therefore, propose

to budget for an increase of $2\frac{1}{2}$ crores, or about 3 per cent., in our gross earnings. I am afraid, however, that an increase in our working expenses is inevitable. Working expenses may be divided into two parts—those which are dependent on the amount of traffic moved, such as cost of coal, water, oil, wages of the running staff, etc.; these automatically fall as traffic decreases. But the larger portion of working expenses does not necessarily decrease with a fall in traffic, and our endeavour has been to reduce these expenses also to an absolute minimum. The Council is aware of certain of the measures we have taken to achieve this object, such as the investigations being carried out by Mr. Pope and his Committee, to mention only one of them; but, as time goes on, avenues of economy become fewer and fewer, and a time must be reached when it would be unwise, and indeed unsafe, to proceed further if we are to keep our property in good order. I do not say for a moment that no further economies can be effected and I can assure the Council that there will be no slowing down of our endeavours, but I do think that the major retrenchments have been achieved. There is one thing that I am particularly anxious to avoid, and that is the further block retrenchment of staff. The investigations being carried out at present by the Pope Committee will probably make it necessary for Railways to reduce a certain number of staff, but it is hoped that it will be possible to meet most of these reductions by normal wastage and by the additional staff which will be required if our traffic increases, as we hope. We estimate that our working expenses will be increased by about $\frac{1}{2}$ of a crore, but this will be offset by a further reduction in interest charges on account of the average rate of interest being expected to be still lower than it was this year. We should, therefore, get the full benefit of our anticipated increase in gross earnings, and we hope at the end of next financial year that our loss will be reduced to $5\frac{1}{2}$ crores. If we were in the happy position of being a company, with only ordinary shares and no fixed interest charges, we would, if our anticipations in respect of next year's earnings prove to be correct, be in a position to pay a dividend of about $3\frac{1}{2}$ per cent. on our shares. This would mean that our shares would certainly be standing at par, if not at a premium, which can, I think, be said of a few railway concerns throughout the world. It may be of interest to mention to Honourable Members some of the results of Railways in other parts of the world during the past few years. The gross receipts of the four amalgamated British Railways in 1932 amounted to £165 millions, or £15 millions (8%) less than in 1931 and £42½ millions (21%) less than in 1929. The Canadian Pacific Railways in 1932 earned \$122 millions which was \$18 millions (13%) less than in the previous year and \$86 millions (40%) less than in 1929. The Canadian National Railways earned \$161 millions in 1932, or \$59 millions (19%) less than in 1931 and \$107 millions (40%) less than in 1929. The receipts for the principal Railways in the United States of America were \$3,160 millions in 1932. This was 25% less than in 1931 and 50% less than in 1929. For the German State Railways in 1932 the expenses exceeded their earnings, and their earnings fell off 24% as compared with the year 1931 and 36% as compared with the year 1930.

8. A comparison of our operating ratios with some foreign railways may also be of interest. For the year 1932 the operating ratio on the amalgamated British Railways was $85\frac{1}{2}$ per cent., for the Canadian Pacific Railway 84 per cent., for the Canadian National Railways 96 per cent., for the United States of America Railways 77 per cent. and for the German State Railways 102 per cent. It is not clear from the information in our possession whether these operating ratios are merely for ordinary working expenses, or also include allowance for depreciation. Whichever is the case, the operating ratio of Indian

Railways appears favourable. If we only include ordinary working expenses, our operating ratio for the year 1932-33 was 57·3 per cent. or if we include the full appropriation to depreciation fund, it becomes 73·4 per cent. It will be seen that even the higher figure gives a better result than the lowest of the figures I have quoted for foreign railways. I think this is a further proof that India has no need to be pessimistic about the position of her Railways. If our anticipations for this year and the coming year are fulfilled, there will be still further improvement on these figures.

9. I have explained that during the current year there has been a very welcome rise in our goods earnings but that our passenger receipts have fallen off. I think the Council will expect me to say something about the steps which are being taken to counteract this falling off in our passenger earnings. Honourable Members will remember that in my Budget speech last year I said that there were only two ways of increasing gross earnings—either by an increase in rates and fares or by a reduction in these with the object of stimulating traffic. I indicated that in times of depression the scope for increasing rates and fares was limited. Now as to the other method, and from the point of view of the public much the more acceptable one, during the year a large number of minor reductions in passenger fares have been made throughout India and, after mature consideration and consultations with Railway Administrations, the Railway Board have decided to make a large scale experiment by reducing all third class fares on the North Western Railway for distances up to about 460 miles. It is too early yet to say what the result is going to be. For the first ten weeks of the experiment there has been an increase in the number of passengers carried, but this has not been sufficient to meet the reduction in fares. We are still hopeful, however, that the travelling public will take more and more advantage of the cheaper travel offered and give us the additional earnings required to justify the decrease. If the experiment fails and we get no increase in traffic, the North Western Railway stands to lose 45 lakhs in one year. If, however, the experiment should prove to be a success, we shall certainly consider similar reductions on other Railways.

There is one other aspect of passenger traffic that I would like to refer to in passing. During the past few years the Railways of India have endeavoured to get their share of the increasing world tourist traffic. With this object Publicity Bureaux have been established in London and New York. Though it is very difficult indeed to get even an approximate estimate of the traffic that these bring to Indian Railways, our returns show that, year by year, travel in India tends to become more popular. In assessing the value of this work, it must be remembered that, apart from the money spent in railway travelling, every tourist leaves a certain amount of money behind in India, which all goes to help trade and industry. It has been estimated that tourists spend at least 60 lakhs in India annually—by no means a small sum in these depressing times.

Further, though our goods earnings have gone up and though we have no reason to think that the present scale of charges is proving a serious handicap to trade, we have not omitted to examine cases where we have considered that there was a possibility of increasing traffic and stimulating trade by a reduction in goods rates. To mention a few examples of this, the East Indian Railway have reduced their rates for wheat from the Punjab and United Provinces to Calcutta, the Bombay, Baroda and Central India Railway have reduced their rates for grains from the Punjab *via* Bhatinda, the Bengal Nagpur and Madras and Southern Mahratta Railways have introduced special low rates

for rice booked to important consuming centres, and the South Indian Railway have also made appreciable reductions in their rates for rice on their own system and for traffic booked to Ceylon. Though we have been urged by the coal trade to do so, we have not been able to see our way to remove the 15 per cent. surcharge imposed on coal traffic. We estimate that this surcharge has brought us in increased gross earnings of about 65 lakhs during this financial year. There has been a steady increase in our coal traffic in recent months, and during the last few weeks the loading of coal has been exceptionally heavy. It has been suggested that the surcharge has had a serious effect on our long-distance traffic. Such statistics as we have do not quite support this. We are, however, arranging to collect further and more detailed statistics to enable us to make a more comprehensive review of the position. If this indicates that there is some substance in the statements which have been made, we shall certainly seriously consider whether it is possible to relieve our long-distance coal traffic of at least a portion of the surcharge.

10. I shall now turn to our Capital and Depreciation Fund programmes for this year and the coming year. This year's programme can be dismissed in a few words. When we framed our Budget, after allowing for a decrease in stores balances of $1\frac{1}{2}$ crores, we estimated that we would spend $3\frac{1}{4}$ crores capital and 6 crores from the Depreciation Fund. Actually we now expect a decrease in stores balances of $1\frac{1}{2}$ crores and that our net capital expenditure will be 25 lakhs. The main reason for this is that certain assets have been scrapped without renewal, resulting in a credit to capital and a debit to the Depreciation Fund. The expenditure from the Depreciation Fund will be as originally estimated, namely, 6 crores.

During the year the Ava Bridge over the Irrawaddy in Burma has been completed. Good progress has also been made on the re construction of the Nerbudda Bridge on the Bombay, Baroda and Central India Railway, as also the Chambal and Sind Bridges on the Great Indian Peninsula Railway. It is expected that the latter two works will be entirely completed early in the coming financial year. Other works have made good progress.

11. Our works programme for the coming year is rather more ambitious than that for this year. We expect that we shall require about 14 crores, of which 70 lakhs will be found by a further reduction in stores balances. If these estimates prove correct, our stores balances will come down to 10 crores at the end of 1934-35. I would like to bring specially to the notice of the Council the progressive decrease that has been in stores balances during the past few years. This has meant unremitting watchfulness on the part of all the officers and staff concerned. I know from personal experience how easy it is for stores balances to increase if there is the least lack of supervision, and I consider that Railway Administrations are due special thanks for what they have done in this direction.

Of the sum of approximately 14 crores of rupees which we expect to spend on works, 867 lakhs will be found from the Depreciation Fund.

12. I do not propose to go into this programme in great detail. Honourable Members will have an opportunity of doing this, if they so desire, immediately at the conclusion of my speech, when they will be placed in possession of the Explanatory Memorandum on the Railway Budget. Generally the programme has been designed to carry out the policy we have adopted of only undertaking such works as are necessary for the keeping in good order of our property. Though this year we have been able to spend a little more on what, I believe, are popularly called "passenger amenities", on these works we propose

to spend a total of 38·21 lakhs. From a perusal of questions in this House and also in another place it would appear that the provision of raised platforms is considered one of the most desirable of these amenities. On works of this description we propose to spend just over 3½ lakhs. The main items of expenditure are, however, on track and bridge-works, which from the point of view of the travelling public, may not be of very great interest but which are quite essential if we are to keep pace with the times and give the service which the public have a right to demand. On these works we expect to spend just over 5½ crores. The other main item of expenditure is on the renewal of rolling stock, both coaching and goods. Additions form a very small portion of our expenditure. The total under rolling stock is just over 3 crores. All these works will benefit the trade and industry of India and, we hope, help towards the recovery which appears to have begun.

13. Sir, though the results of the year are considerably better than those of last year, these results have only been obtained by the unremitting watchfulness and devotion to duty of the Agents, officers and staff of the Railways of India. Even in times of prosperity the railwayman's task is not a light one. In times of adversity such as we have been passing through, the strain is even greater. I have no hesitation in saying that this additional strain has been borne cheerfully and ungrudgingly by all. Every one has been prepared to do extra work without additional remuneration. If this had not been so, our results would have been very different from what they are. As I have already mentioned we are particularly anxious to avoid further mass reductions of staff. We have at the present moment got certain surpluses on Railways but it is our hope that, with the brighter prospects ahead of us, we shall, with minor exceptions, be able to carry this small remaining surplus till such time as it can be absorbed by the additional work which must follow an increase in traffic.

Details of Voted and Non-Voted amounts included in the Demands for Grants (Railways) for the year 1934-35.

Number of demand.	Name of Demand.	Amount.		
		Voted.	Non-voted.	Total.
		Rs.	Rs.	Rs.
1	Railway Board	8,45,000	4,10,000	12,55,000
2	Audit	12,95,000	3,30,000	16,25,000
3	Miscellaneous expenditure . .	10,60,000	10,60,000	21,20,000
4	Refunds	12,00,000	..	12,00,000
5	Payments to Indian States and companies	3,37,00,000	..	3,37,00,000
6-A	Working expenses—Main- tenance of structural works	8,45,75,000	32,10,000	8,77,75,000
6-B	Working expenses—Main- tenance and supply of locomotive power	16,61,50,000	15,77,000	16,77,27,000
6-C	Working expenses—Main- tenance of carriage and wagon stock	5,63,75,000	9,10,000	5,72,85,000
6-D	Working expenses—Main- tenance of ferry steamers and harbours	27,45,000	24,000	27,69,000
6-E	Working expenses—Expenses of Traffic Department . .	10,30,75,000	16,62,000	10,47,37,000
6-F	Working expenses—Expenses of General Departments . .	4,58,50,000	25,25,000	4,83,75,000
6-G	Working expenses—Mis- cellaneous expenses . . .	4,07,90,000	12,10,000	4,20,00,000
6-H	Working expenses—Electric Service Department . . .	1,17,30,000	1,02,000	1,18,32,000
7	Working Expenses—Appro- priation to Depreciation Fund	13,65,00,000	..	13,65,00,000
8	Interest charges	2,83,000	32,02,34,000	32,05,17,000
9	Temporary withdrawals from Depreciation Fund . . .	5,33,22,000	..	5,33,22,000
10	Appropriation to Reserve . .	..	..	..
10A	Withdrawal from Reserve . .	..	..	..
11	New construction	11,00,000	..	11,00,000
12	Open Line Works	13,22,00,000	2,00,000	13,24,00,000
..	Appendix A—Working Ex- penses and other revenue charges relating to Strate- gic Lines	..	..	..
..	Appendix B—Expenditure on Open Line Works relating to Strategic Lines	..	..	..

BUDGET

of the

Railway Revenue and Expenditure of the Governor-General in Council, February, 1934.

RAILWAY DEPARTMENT;

P. R. RAU,

*New Delhi, 27th February 1934.**Financial Commissioner of Railways.*

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1.—Statement of the Revenue of the Central

HEADS OF REVENUE.	ACCOUNTS, 1932-33.				REVISED ESTIMATE.	
	India.	England.	Exchange.	TOTAL.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
XI.—State Railways—						
(a) Commercial lines—						
Gross receipts—						
Passenger traffic earnings—						
Upper class . . .	3,21,27,000	...	...	3,21,27,000	3,02,00,000	...
Third class . . .	26,32,64,757	...	...	26,32,64,757	24,39,00,000	...
Other coaching traffic earnings.	4,91,91,699	...	...	4,91,91,699	4,74,90,000	...
Goods traffic earnings .	53,06,18,490	...	...	53,06,18,490	56,57,00,000	...
Sundry earnings . . .	1,57,34,529	2,512	—10	1,57,37,031	1,64,48,000	2,000
Credits for materials released from works chargeable to the Depreciation Fund.	1,19,86,334	...	...	1,18,86,344	1,31,00,000	...
TOTAL EARNINGS .	89,28,23,719	2,512	—10	89,28,26,221	91,58,38,000	2,000
Deduct—						
Refunds of Revenue collected.	10,98,639	...	...	10,98,639	11,40,000	...
Earnings of worked lines	4,86,38,550	...	...	4,86,38,550	5,00,00,000	...
Earnings of State Railways.	84,30,95,530	2,512	—10	84,30,98,032	86,46,98,000	2,000
Suspense . . .	3,91,878	...	...	3,91,878	...	...
Gross receipts of State Railways.	84,34,84,408	2,512	—10	84,34,86,910	86,46,98,000	2,000
Deduct—						
Working expenses of State Railways.	60,46,88,055	48,84,387	—13,264	60,95,59,088	60,63,22,000	47,93,000
Surplus profits paid to Indian States and railway companies.	55,20,781	...	...	55,90,731	56,50,000	...
Payments to worked lines—						
(i) Net earnings . . .	...	...	...	...	...	...
(ii) Subsidy, rebate, etc.	...	...	...	...	...	...
Net receipts . . .	23,32,76,613	—48,61,775	13,244	22,74,07,091	26,37,20,000	—47,34,000
(b) Strategic lines—						
Gross receipts . . .	1,27,54,149	...	...	1,27,54,149	1,28,10,000	...
Deduct—						
Refunds of Revenue collected.	18,584	...	...	18,584	10,000	...
Working expenses . . .	1,90,00,446	8,221	—17	1,90,03,650	1,93,50,000	...
Net receipts . . .	—63,59,891	—3,221	17	—62,63,085	—65,50,000	...
Total net receipts, Commercial and Strategic lines.	22,60,16,741	—48,84,996	13,261	22,11,44,006	24,61,70,000	—47,34,000
XII.—Subsidized Companies—						
Government share of surplus profits, etc.	30,77,405	70,460	—83	31,47,782	19,08,000	1,02,000
XII-A.—Miscellaneous Railway Receipts—						
(a) Commercial lines—						
Interest on Depreciation Reserve and Reserve Fund balances.	65,44,272	...	...	65,44,272	56,02,000	...
Dividend on investments in branch lines and other Miscellaneous Receipts.	8,68,212	...	...	8,68,213	9,00,000	...
(b) Strategic lines—						
Interest on Depreciation Fund balances.	7,24,983	...	...	7,24,668	8,33,000	...
TOTAL RECEIPTS .	23,62,36,613	—43,14,536	13,178	23,14,34,255	26,56,08,000	—46,32,000
XII-B.—Transfers from Railway Reserve Fund.	...	...	...	...	...	...
XII-C.—Withdrawal of sums deposited on account of the Railway Depreciation Fund.	10,22,93,151	...	...	10,22,93,151	7,78,11,000	...
TOTAL .	83,85,18,764	—48,14,536	13,176	83,37,17,406	88,33,20,000	—46,32,000

Government from Railways in India and England.

1933-34.			BUDGET ESTIMATE, 1934-35.				Increase (+) Decrease (-) as compared with Revised, 1933-34.
Exchange.	TOTAL.	Increase (+) Decrease (-) as compared with Budget, 1933-34.	India.	England.	Exchange.	TOTAL.	
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
...	3,02,00,000	-14,00,000	3,09,00,000	...	...	3,09,00,000	+7,00,000
...	24,38,00,000	-1,70,00,000	24,91,00,000	...	...	24,91,00,000	+52,00,000
...	4,74,90,000	-5,10,000	4,80,85,000	...	...	4,80,85,000	+5,95,000
...	56,57,00,000	+1,57,00,000	58,00,00,000	...	...	58,00,00,000	+2,03,00,000
...	1,61,50,000	-3,65,000	1,69,88,000	2,000	...	1,70,00,000	+5,50,000
...	1,21,00,000	-1,60,000	1,21,00,000	...	...	1,21,00,000	...
...	91,58,40,000	-37,35,000	94,31,83,000	2,000	...	94,31,85,000	+2,73,46,000
...	11,40,000	-2,35,000	11,85,000	...	...	11,85,000	+45,000
...	5,00,00,000	+16,00,000	...	...	...	...	-5,00,00,000
...	86,47,00,000	-45,00,000	94,12,98,000	2,000	...	94,30,00,000	+7,73,00,000
...	...	...	...	...	...	...	...
...	86,47,00,000	-45,00,000	94,19,98,000	2,000	...	(a) 94,20,00,000	+7,73,00,000 (a)
-8,000	61,10,50,000	-6,80,000	63,62,48,000	48,02,000	...	(b) 68,95,50,000	+2,85,00,000 (b)
...	65,50,000	+2,50,000	66,00,000	...	...	66,00,000	-50,000
...	...	...	2,60,00,000	4,00,000	...	2,64,00,000	+3,64,00,000
...	...	...	13,90,000	...	...	13,90,000	+13,10,000
8,000	21,80,00,000	-41,00,000	27,37,80,000	-47,00,000	...	26,90,80,000	+2,10,80,000
...	1,38,10,000	-5,15,000	1,30,15,000	...	...	1,30,15,000	+7,05,000
...	10,000	-15,000	15,000	...	...	15,000	+5,000
...	1,93,50,000	+50,000	1,94,50,000	...	...	1,94,50,000	+1,00,000
...	-65,50,000	-5,50,000	-64,50,000	...	...	-64,50,000	+1,00,000
8,000	24,14,50,000	-46,50,000	26,73,10,000	-47,00,000	...	26,26,10,000	+2,11,60,000
...	21,00,000	-58,000	20,62,000	88,000	...	21,50,000	+50,000
...	58,02,000	-8,48,000	51,39,000	...	...	51,70,000	-4,63,000
...	9,00,000	+2,50,000	19,70,000	...	...	19,70,000	+10,70,000
...	8,38,000	-41,000	9,36,000	...	...	9,36,000	+1,03,000
8,000	25,08,85,000	-53,48,000	27,74,17,000	-48,12,000	...	27,37,05,000	+2,19,20,000
...	...	...	...	...	...	...	...
...	7,78,11,000	+98,000	5,30,23,000	...	...	5,30,33,000	-2,47,80,000
8,000	32,56,98,000	-53,40,000	33,04,38,000	-48,13,000	...	32,56,37,000	-3,60,000

(a) Includes Rs. 5,25,00,000, earnings of worked lines.

(b) Includes Rs. 2,65,00,000, working expenses of worked lines.

2.—Statement of the Expenditure on Railways charged to

HEADS OF EXPENDITURE.	ACCOUNTS, 1932-33.				REVISED ESTIMATE,	
	India.	England.	Exchange.	TOTAL.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
10. State Railways:—						
(a) Commercial lines—						
Interest—						
on Government capital at charge	13,62,39,404	11,51,89,060	—3,89,153	30,10,39,311	18,16,31,000	11,53,96,000
on capital contributed by Indian States and Companies.	3,77,058	1,30,33,682	—53,796	1,38,57,944	3,54,000	1,25,21,000
Total interest, commercial lines . .	16,66,16,462	12,82,32,742	—4,41,949	31,43,97,355	18,19,85,000	12,79,17,000
(b) Strategic lines—						
Interest on capital at charge . .	1,46,55,062	...	...	1,46,55,062	1,43,15,000	...
TOTAL INTEREST	20,13,71,534	12,82,32,742	—4,41,949	32,90,53,317	19,63,00,000	12,79,17,000
11. Subsidized Companies—						
Land	—30,533	...	...	—30,533	1,85,000	...
Subsidy	5,85,385	...	...	5,85,385	6,25,000	...
12. Miscellaneous Railway expenditure—						
Commercial lines	27,85,051	13,03,100	—4,504	40,83,647	28,03,000	10,62,000
Strategic lines	26,590	...	...	26,590	25,000	...
Payments to general revenues—						
Contribution	...	...	...	...	...	...
12A. Surplus Railway Revenue transferred to Railway Reserve Fund.						
TOTAL	30,46,38,017	12,95,35,842	—4,46,453	33,37,17,406	19,99,41,000	12,89,79,000

the Revenue of the Central Government in India and in England.

1933-34.			BUDGET ESTIMATE, 1934-35.				
Exchange.	TOTAL.	Increase (+) Decrease (-) as compared with Budget, 1933-34.	India.	England.	Exchange.	TOTAL.	Increase (+) Decrease (-) as compared with Revised, 1933-34.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
-2,00,000	29,68,30,000	-49,04,000	17,85,80,000	11,54,60,000	...	29,40,40,000	-27,90,000
-22,000	1,28,59,000	-1,38,000	3,37,000	1,20,63,000	...	1,24,00,000	-4,53,000
-2,22,000	30,96,83,000	-50,42,000	17,89,17,000	12,75,23,000	...	30,64,40,000	-32,43,000
...	1,43,15,000	-2,80,000	1,40,77,000	...	...	1,40,77,000	-3,38,000
-2,22,000	32,39,98,000	-53,22,000	19,29,94,000	12,75,38,000	...	32,05,17,000	-34,81,000
...	1,85,000	+5,000	50,000	...	...	50,000	-1,35,000
...	6,25,000	+55,000	8,10,000	...	...	8,10,000	-8,15,000
-2,000	38,63,000	+18,000	40,90,000	8,36,000	...	49,26,000	+10,63,000
...	25,000	-5,000	24,000	...	...	24,000	-1,000
...	...	...	...	...	...	...	...
...	...	...	...	...	...	...	...
-2,24,000	32,88,98,000	-52,48,000	19,74,88,000	12,83,59,000	...	32,58,37,000	-28,68,000

2(a).—Contribution from Railway to General Revenues, 1933-34.

(Based on actuals, 1931-32.)

	Rs.	Rs.
1. 1 per cent. on capital of 7,32,94,985 at charge, commercial lines		7,32,94,985
2. (i) Receipts—Commercial lines—		
Gross traffic receipts	85,31,15,835	
Subsidised Companies' share of surplus profits	14,74,856	
Interest on Depreciation and Reserve Fund balances	68,77,253	
Dividend on investments in branch lines and other miscellaneous receipts	12,40,048	
(ii) Charges—Commercial lines—		86,45,07,992
Working expenses	60,95,91,143	
Indian States and Railway Companies' share of surplus profits	64,18,568	
Interest—		
on capital at charge	30,26,62,411	
on capital contributed by Indian States and Companies	1,31,13,756	
Land and subsidy	9,17,096	
Miscellaneous railway expenditure	41,70,468	
Contribution at 1 per cent. on capital at charge	7,22,94,985	1,00,91,68,747
(iii) Deficit		14,46,60,565
(iv) Contribution of one-fifth of surplus		...
3. (i) Total contribution from railway revenues [i.e. 2 (iv)]	...	7,22,94,985
Deduct—Loss on strategic lines borne by railway revenues—		
(i) Interest on capital	1,48,67,430	
(ii) Loss in working	47,52,483	
(iii) Interest on the amount of loss in working met from Depreciation Reserve Fund of Commercial lines.	5,54,828	
		2,01,94,741
(ii) Net payment due from railway to general revenues in 1933-34	...	5,31,00,244

2(a).—Contribution from Railway to General Revenues, 1934-35.

(Based on actuals, 1932-33.)

	Rs.	Rs.
1. 1 per cent. on capital of 7,22,45,01,133 at charge, commercial lines		7,22,45,011
2. (i) Receipts—Commercial Lines—		
Gross traffic receipts	84,34,86,910	
Subsidised Companies' share of surplus profits	21,47,782	
Interest on Depreciation and Reserve Fund balances	65,44,272	
Dividend on investments in branch lines and other miscellaneous receipts	8,63,212	
(ii) Charges—Commercial Lines—		65,30,42,176
Working expenses	60,95,50,088	
Indian States and Railway Companies' share of surplus profits	65,30,731	
Interest—		
on capital at charge	30,10,36,311	
on capital contributed by Indian States and Companies	1,33,57,944	
Land and subsidy	5,54,852	
Miscellaneous railway expenditure	40,83,647	
Contribution at 1 per cent. on capital at charge	7,22,45,011	
		1,00,73,60,584
(iii) Deficit		15,43,18,408
(iv) Contribution of one-fifth of surplus		...
3. (i) Total contribution from railway revenues [1 plus 2 (iv)]	...	7,22,45,011
Deduct—Loss on strategic lines borne by railway revenues—		
(i) Interest on capital	1,40,55,082	
(ii) Loss in working	55,64,092	
(iii) Interest on the amount of loss in working met from Depreciation Reserve Fund of commercial lines	5,00,087	
		2,07,70,841
(ii) Net payment due from railway to general revenues in 1934-35	...	5,14,06,170

3.—Statement of Receipts of the Central Government in India and England for State

HEADS OF ACCOUNT.	ACCOUNTS, 1932-33.				REVISED ESTIMATE,	
	India.	England.	Exchange.	TOTAL.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
XLII.—Capital contributed by Railway Companies and Indian States towards outlay on State Railways	...	1,03,40,000	54,137	1,03,94,137	...	...

4.—Statement of the Capital Expenditure of the

HEADS OF EXPENDITURE.	ACCOUNTS, 1932-33.				REVISED ESTIMATE,	
	India.	England.	Exchange.	TOTAL.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Railway Capital not charged to Revenue:—						
53.—Construction of State Railways:—						
(a) Commercial Lines—						
Open Line Works—						
Rolling Stock				—40,96,000		
Other Works				1,60,50,344		
New Construction . . .				58,03,208		
Suspense				—1,58,84,000		
Emergency deductions from pay.				—9,08,000		
TOTAL .	—74,08,086	1,04,16,732	—35,096	29,73,550	—73,33,000	1,00,00,000
(b) Strategic Lines—						
Open Line Works—						
Rolling Stock				—6,48,000		
Other Works				5,74,709		
New Construction . . .				22,000		
Suspense				—22,03,000		
Emergency deductions from pay.				—5,000		
TOTAL .	—22,59,291	...	...	—22,59,291	—1,50,000	...
TOTAL COMMERCIAL AND STRATEGIC LINES .	—96,67,377	1,04,16,732	—35,096	7,14,259	—74,83,000	1,00,00,000
53-C.—Discharge of Debentures . .	3,70,759	20,66,667	—14,263	24,23,173	...	20,27,000

Central Government in India and England on Railways.

1933-34.			BUDGET ESTIMATE, 1934-35.				Increase (+) Decrease (—) as compared with Budget, 1933-34.
Exchange.	TOTAL.	Increase (+) Decrease (—) as compared with Budget, 1933-34.	India.	England.	Exchange.	TOTAL.	
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
	—1,03,10,000	—1,83,53,000				64,41,000	+1,67,51,000
	2,50,55,000	—61,53,000				4,67,23,000	+2,16,68,000
	25,31,000	—7,04,000				11,10,000	—14,11,000
	—1,41,00,000	—21,20,000				—60,85,000	+60,15,000
	—5,16,000	—2,21,000				—7,04,000	—1,88,000
—17,000	26,50,000	—3,04,50,000	8,02,85,000	1,72,00,000	...	4,74,85,000	+4,48,35,000
	15,000	—42,000				—3,00,000	—3,15,000
	7,40,000	+1,47,000				5,21,000	—2,19,000
	...	...				...	...
	—9,00,000	—1,55,000				—9,00,000	...
	—5,000	...				—8,000	—1,000
...	—1,50,000	—50,000	—8,25,000	...	...	—6,85,000	—5,35,000
—17,000	25,00,000	—3,05,00,000	3,96,00,000	1,72,00,000	...	4,68,00,000	+4,43,00,000
—4,000	20,23,000	+20,23,000	...	...	...	...	—20,23,000

A.—Railway Depreciation Reserve Fund.

	Accounts, 1932-33.	Budget Estimate, 1933-34.	Revised Estimate, 1933-34.	Budget Estimate, 1934-35.		Accounts, 1932-33.	Budget Estimate, 1933-34.	Revised Estimate, 1933-34.	Budget Estimate, 1934-35.
	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.
Opening balance.	14,68,54,987	13,67,38,937	12,06,21,913	11,79,10,913	Appropriation from Depreciation Reserve Fund.	16,57,63,634	13,72,12,000	13,87,11,000	14,00,22,000
Appropriation to Depreciation Reserve Fund.	13,77,30,810	13,75,00,000	13,60,00,000	13,65,00,000	Closing balance.	12,06,21,913	13,70,36,937	11,79,10,913	11,43,88,913
TOTAL	28,63,85,547	27,42,38,937	25,66,21,913	25,44,10,913	TOTAL	28,63,85,547	27,42,38,937	25,66,21,913	25,44,10,913

B.—Railway Reserve Fund.

	Accounts, 1932-33.	Budget Estimate, 1933-34.	Revised Estimate, 1933-34.	Budget Estimate, 1934-35.		Accounts, 1932-33.	Budget Estimate, 1933-34.	Revised Estimate, 1933-34.	Budget Estimate, 1934-35.
	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.
Opening balance.	46,61,114	46,61,114	46,61,114	46,61,114	Appropriation from Re- serve Fund.	...	...	...	...
Appropriation to Reserve Fund.	...	...	...	...	Closing balance.	46,61,114	46,61,114	46,61,114	46,61,114
TOTAL	46,61,114	46,61,114	46,61,114	46,61,114	TOTAL	46,61,114	46,61,114	46,61,114	46,61,114

Explanatory Memorandum of the Railway Budget for 1934-35.

PART I.

Commercial and Strategic Railways together

Summary of Results

1932-33.

The actual results of 1932-33 were nearly a crore worse than we hoped for when presenting the budget for 1933-34. The loss that we anticipated then was 9·34 crores, of which 7·32 crores was on commercial lines and 2·02 crores on strategic lines. The actual loss amounted to 10·23 crores, of which 8·21 crores was attributable to commercial lines.

The difference was due entirely to the fall in traffic receipts below anticipations. Our estimate of working expenses was remarkably close.

The expenditure from the depreciation fund was also somewhat higher than anticipations. This was mainly due to more assets being scrapped without replacement, the result of which is that the original value of the assets is charged off to the fund and the capital-at-charge reduced correspondingly. The balance at the credit of the fund at the end of the year amounted to just over 12 crores and was $2\frac{1}{2}$ crores below the balance of the previous year. The temporary loans taken from the fund to cover deficits amounted to $14\frac{1}{2}$ crores; but for these, the fund would have stood at $26\frac{1}{2}$ crores.

1933-34.

2. Our present estimate of the final results of working of Indian Railways during the current year is that they are unlikely to differ from our budget estimates which forecasted a deficit of $7\frac{3}{4}$ crores (including 2 crores on Strategic lines). A fall of half a crore in traffic receipts below anticipations will be set off by a similar fall in interest charges. Working expenses are expected to be practically the same.

On commercial lines our net traffic receipts are now expected to be 24·16 crores, or 1·91 crores more than last year. Adding miscellaneous receipts our net revenue will be 25·20 crores or 1·97 crores, more than last year. Interest charges, on the other hand, will be 30·97 crores or 47 lakhs less than last year. Our deficit will then be 5·77 crores as compared with 8·21 crores in 1932-33. Including the loss on strategic lines of 2·01 crores, the total loss comes to 7·78 crores, which will, as in previous years, be met by a temporary loan from the Depreciation Fund.

The expenditure debitable to the Depreciation Fund is expected to be 6 crores against a contribution of 13.60 crores, leaving a balance of 7.60 crores which is 18 lakhs less than the deficit which will be met by borrowing from the Fund. It is also proposed to make temporary advances amounting to 9 lakhs to certain Branch Line Companies. The net result is that the balance in the Fund, which was 12.06 crores at the beginning of the year, will be decreased by 27 lakhs and will amount to 11.79 crores at the end of the year.

1934-35.

3. The net results of 1934-35 should if our estimate be realised, show a considerable improvement as compared with the present year. We think that, without being unduly optimistic, we can hope for a continuance of the improvement in traffic the beginning of which we have already seen during the current year, and we accordingly expect a modest increase of $2\frac{1}{2}$ crores in traffic receipts. A small increase in working expenses will be counterbalanced by a further fall in interest charges. We cannot hope that there will not be a deficit still, but we expect that it will be reduced to $5\frac{1}{2}$ crores, of which 2 crores will be on strategic lines.

Including miscellaneous receipts, our net revenue from commercial lines should be 27.30 crores against 25.20 crores, or 2.10 crores more than in 1933-34. Interest charges will be 30.64 crores, or 33 lakhs less, and the deficit will be reduced to 3.34 crores, as against 5.77 crores in the current year. Adding the deficit of 1.96 crores on strategic lines, we arrive at a total deficit of 5.30 crores which will, as usual, be met from a further loan from the depreciation fund.

The net accretion to the fund during 1934-35 owing to our appropriations to it being more than the withdrawals is 4.98 crores. The temporary loans of 5.30 crores to meet the deficit and 3 lakhs for an advance to a branch line company will result in a reduction of 35 lakhs in the balance of the Fund which will amount to 11.44 crores at the end of 1934-35. The total withdrawals to meet deficits will then amount to 27.56 crores. The nominal balance will be 39.12 crores, including 12 lakhs lent to branch lines companies.

Review of results from 1924-25 to 1934-35.

4. Before we pass on to the detailed estimates for 1933-34 and 1934-35 we propose, as we did last year, to give the main outlines of the results of these years as compared with past years since the separation of railway revenues from general revenues. The statement below gives in concise form the main features of the financial results of these 11 years.

5. During the first six years after the separation (1924-25 to 1929-30), Indian railways earned a total surplus of $52\frac{1}{2}$ crores after meeting all interest charges and providing fully for depreciation. Of this, they paid 36 crores as contribution to general revenues and accumulated $16\frac{1}{2}$ crores as a reserve.

In the next three years (1930-31 to 1932-33), the position changed completely. The results of working showed a deficit of $24\frac{1}{2}$ crores. In view of the existence of sufficient balances in the reserve, and in the hope that the depression was only temporary, the contribution of 6 crores to general revenues was paid during the first year from reserves, but could not be continued thereafter. With the exhaustion of the reserve it was necessary to borrow temporarily from the depreciation fund to meet interest charges. At the end of the period of nine years from the separation, the total loans taken from the fund amount to $14\frac{1}{2}$ crores. During the whole period the net gain from railways was 28 crores and the contribution paid to general revenues was nearly 42 crores.

In the years 1933-34 and 1934-35, with which these estimates deal, we expect the deficits will continue, though we believe we have reason to hope that we reached the maximum loss in 1932-33 and that the tide has turned in our favour. According to our present estimates, the loss in these two years will be about 13 crores, of which $7\frac{3}{4}$ crores will be in the current year. If these estimates are correct, Indian railways will, for the total period of 11 years under consideration, have still made a profit of 15 crores. This is not all. In addition, they have set apart from current revenues during all these years, including not only the first six fat years but also the next five lean years, an amount calculated to represent the depreciation on wasting assets during the year. The amount thus set apart has every year exceeded considerably the actual amount required to be withdrawn from the fund for that part of the cost of renewals and replacements carried out during the period which, under the rules of the fund, is debitable to it. The total appropriations to the depreciation reserve fund in the eleven years beginning with 1924-25 amount to 135 crores, whereas the sums withdrawn are expected to amount to 96 crores. It is this balance of 39 crores which has enabled railways to meet their deficits without outside borrowing. The amount of $27\frac{1}{2}$ crores temporarily borrowed will however reduce the actual balance of the fund to $11\frac{1}{2}$ crores, or less than 30 per cent. of the nominal balance. To complete the picture, we should add that the total amount of the annual contribution to general revenues which railways have not been able to pay during the four years beginning with 1931-32 is about 21 crores. Under present arrangements, they are liable to pay this when they begin earning surpluses, after the loans amounting to $27\frac{1}{2}$ crores from the depreciation fund have been repaid, and before they can begin to accumulate reserves.

6. In the following paragraphs we deal in detail with the estimates for 1933-34 and 1934-35 of commercial lines and strategic lines separately, but before proceeding to do so we feel that a more general review of our receipts and working expenses for the last few years for all state lines will probably be not out of place. For comparison, we start with 1929-30, which was the last year in which the results of working of Indian railways showed a surplus though it was insufficient to meet the contribution payable to general revenues. The figures of working expenses shown in the statement on the previous page are not, owing to various

changes in accounting and special features of particular years, strictly comparable in their present form. The various adjustments which have to be made for comparison are detailed in a memorandum placed before the Standing Finance Committee for Railways which is reproduced for ready reference in an appendix to this memorandum. Making allowance for all these factors and similar factors which have affected our receipts, the comparable figures are as follows :—

Commercial and Strategic lines together.

				(Figures in lakhs of rupees.)		
				Ordinary		
				Working Expenses.		
				Traffic	(Omitting	(Including
				Receipts.	emergency	emergency
					cut in	cut in
					pay.)	pay.)
1929-30	.	.	.	1,03,26	55,85	55,85
1930-31	.	.	.	94,66	55,81	55,81
1931-32	.	.	.	86,63	49,80	49,22
1932-33	.	.	.	84,17	49,35	47,43
1933-34 (Revised estimate)	.	.	.	86,50	49,10	48,04
1934-35 (Budget estimate)	.	.	.	89,00	49,34	48,34

It will be seen that the receipts in 1934-35 are expected to be 14½ crores below 1929-30. On the other hand, the working expenses are expected to be 7½ crores less, taking into account the cut in pay. The percentage of fall in receipts and working expenses is approximately the same, viz: 14 per cent. Looked at in another way, railways will if these estimates are correct, have saved in working expenses more than 50 per cent. of the fall in receipts.

Again, neglecting variations due to the cut in pay, the estimate of working expenses for 1934-35 is about the same as in 1932-33, whereas the estimate of receipts is nearly 5 crores higher.

Finally, comparing the estimates for 1934-35 with the anticipated expenditure in the current year, the increase, neglecting the slight variation in the recoveries from the emergency cut, is 24 lakhs. Normal increments to staff may be roughly estimated at about 30 lakhs and certain classes of expenditure on repairs and maintenance which railways have endeavoured to put off, as far as possible, in past years cannot be safely postponed for long. Moreover, we are hoping for an increase in traffic, and though, under present conditions, a small amount of extra traffic can probably be carried without appreciable extra expenditure, the limit must soon be reached. On the other hand, our gratuity payments in 1933-34 have, on account of retrenchments, still been higher than usual, and we expect that they will be less in 1934-35. There are, moreover, a few abnormal accounts adjustments in the current year which, so far as we can see at present, are not likely to occur in 1934-35, and it is hoped that the efforts of the special organisations set up temporarily on different railways in accordance with Mr. Pope's recommendations will produce a large number of economies which, though perhaps small individually, will, taken as a whole, result in a considerable reduction of expenditure. Taking all these factors into account, we consider that the estimates allow a reasonable margin for inevitable increases in expenditure, but the strictest efforts for economy will still continue to be necessary in all railways to keep the expenses down to the minimum.

PART II.

Commercial Lines.

1933-34.

7. In estimating the traffic receipts of commercial lines for the current year, we assumed an increase of about 2 per cent. over our estimate for 1932-33 which the actual results unfortunately proved to be nearly a crore too high. Our estimate was based on the hope that we had tided over the worst of the period of economic depression and that the year 1933-34 would see the beginning of gradual recovery. Our hopes are, we are glad to say, likely to be realised though not to the full extent that we had expected. Our present anticipations are that our gross traffic receipts from commercial lines will be 85½ crores. Though this is nearly half a crore less than our budget estimate, it is over 2 crores more than the amount realised in 1932-33, and if our estimate proves correct, we shall have obtained a 2½ per cent. increase over 1932-33 instead of the 2 per cent. we expected.

8. Our ordinary working expenses are not expected to differ appreciably from our budget estimate: our present estimate is only 7 lakhs higher. In fact, we could have hoped to be within our estimate but for two heavy and unforeseen calamities that have befallen Indian railways during the year. Very heavy expenditure is likely to be incurred on repairs to damages caused by the recent earthquake and by the abnormal rise of the river Ganges which, in September last, caused a serious breach of the right guide bank of the Hardinge Bridge on the Eastern Bengal Railway. The total expenditure that may be necessitated by these events is not yet known exactly. All that we can say at present is that it will probably be over 2 crores. Part of this will, as representing additions to our assets, not be charged to current revenues, but the expenditure, which under ordinary accounting rules, will have to be charged to revenue in this year and the next year or two, will probably be over a crore and may extend to as much as a crore and a half. It is considered that such heavy and abnormal expenditure due to the forces of nature over which we have no control cannot reasonably be allowed so considerably to affect the current revenues of two or three years and should more properly be spread over a longer period. It is proposed that the portion of the total expenditure which is not chargeable to capital should be debited to the Depreciation Fund in the first instance and repaid from revenue in instalments of 15 lakhs a year. This will spread the expenditure to be met from current revenues over a period which will not, we hope, exceed ten years.

9. To counterbalance the fall in receipts below anticipations, we have had the advantage of a fall in the cost of Government borrowing during the year, and our interest charges are half a crore less than we budgeted for.

10. Our total loss is now expected to be 5½ crores, or just a trifle less than our original estimate. In considering this loss, it should be remembered that it is arrived at after putting by 7½ crores as an allotment to the depreciation reserve in addition to the actual cost of renewals and replacements during the year which, under the rules, is debitable to the fund. The amount that will have to be provided from revenue under the rules of the Depreciation Fund during the year is 13.17 crores, but out of this we shall require only 5.86 crores to meet the ordinary payments from the fund. If we had not to carry an additional 7½ crores to the reserve, the net result of our working during the year would have been a gain of a crore and a half instead of a loss of 5½ crores.

11. The statement below gives in broad outline an analysis of the expected results of the commercial lines in the year 1933-34 and, to anticipate a little,

in 1934-35 as compared with the results for 1932-33. In both these years, if these estimates are correct, the loss will be less than the additional allotment to the depreciation reserve and if this is excluded, the result in each of these years would be a gain of roughly $1\frac{1}{2}$ crores. In other words, commercial lines alone will, during the two years 1933-34 and 1934-35 together, earn three crores more than necessary to pay their interest charges, after meeting all ordinary working expenses and expenditure on current renewals and replacements of assets during the period, and in addition, the cost, amounting to a crore and a quarter, of repairs of extraordinary damages caused by earthquake and flood.

Commercial Lines.

(Figures in lakhs of rupees.)

	1932-33, Accounts.	1933-34, Revised.	1934-35, Budget.
Gross traffic receipts (deducting refunds)	83,20	85,26	87,74
Ordinary working expenses	47,62	47,93	48,22
Depreciation { Actual expenditure on renewals and replacements debitable to the Fund	6,11	5,86	8,44
{ Additional allotment to depreciation reserve	7,22	7,31	4,78
Total working expenses	60,95	61,10	61,44
Net traffic receipts	22,25	24,16	26,30
Miscellaneous Receipts (net)	98	1,04	1,00
Net Revenue	23,23	25,20	27,30
Interest charges	31,44	30,97	30,64
Loss	8,21	5,77	3,34

12. The principal figures of the revised estimate for 1933-34 are compared in the statement below with the budget estimate and the actual expenditure during 1932-33.

Commercial Lines.

(Figures in lakhs of rupees.)

Particulars.	1932-33, Accounts.	1933-34.	
		Budget.	Revised.
<i>Traffic receipts.</i>			
Gross traffic receipts (less refunds)	83,20	85,69	85,26
Working expenses (including depreciation) . .	60,95	61,17	61,10
A—Net traffic receipts	22,25	24,52	24,16
<i>Miscellaneous Receipts.</i>			
Credits for materials returned from works not charged to revenue	1,15	1,23	1,21
Government share of profit from subsidised companies, guarantees from local Governments, etc. .	21	22	21
Interest on Depreciation and Reserve Fund balances	65	64	56
Dividends on investment in branch lines and other miscellaneous receipts	9	6	9
Total Miscellaneous Receipts	2,10	2,15	2,07
<i>Miscellaneous Expenditure.</i>			
Surplus profits payable to Indian States and Railway Companies	65	54	56
Miscellaneous charges	47	46	47
Total Miscellaneous Expenditure	1,12	1,00	1,03
B—Miscellaneous (net) receipts	98	1,15	1,04
Net railway revenue (A+B)	23,23	25,67	25,20
Interest charges	31,44	31,47	30,97
Loss	8,21	5,80	5,77

13. Our receipts in 1933-34 are expected to be over two crores higher than during the past year which was the lowest reached since 1921-22. The increase is due entirely to a revival of goods traffic which is expected to produce $3\frac{1}{2}$ crores more than last year. On the other hand, passenger earnings have shown a further fall and are now expected to be rather more than a crore below last year. The details of our estimates are as follows:—

Commercial Lines.

(Figures in lakhs of rupees.)

Particulars.	Actuals. 1932-33.	1933-34.	
		Budget.	Revised.
Passenger earnings	28,54	29,25	27,41
Other coaching traffic earnings	4,91	4,80	4,75
Goods earnings	53,06	55,00	56,57
Other earnings	1,62	1,68	1,65
Suspense	4	..	..
Total	88,17	90,73	90,38
Refunds of revenue	—11	—14	—12
Share of worked lines	—4,86	—4,90	—5,00
Net	83,20	85,69	85,26

14. Our budget estimate of passenger earnings proved to be nearly three quarters of a crore higher than the actual passenger earnings obtained in 1932-33. Our present anticipations are that not only will our budget not be realised but on the contrary we shall obtain considerably less than we did in 1932-33. The number of passengers carried in the first 7 months shows a decrease as compared with last year, of 4 per cent. i.e., from 294 million to 282 million. The average lead per passenger has also fallen from 34 miles to 32, and the passenger miles have dropped by $9\frac{1}{2}$ per cent. (from 9974 million to 9024 million).

We may add that experiments with reduced fares have been undertaken on some railways during the year, the most important of which is on the North Western Railway. Third class fares have been altered from 1st December 1933 all over the system as follows:—

Distances (miles).	Previous fares pies per mile.	Revised fares pies per mile.
1—50	$3\frac{1}{2}$	3
51—300	3	$2\frac{1}{2}$
300 and over.	2	$2\frac{1}{2}$

If no increase over the present number of passengers results from this decrease, the railway stands to lose about 45 lakhs a year. It is too early yet to form a definite opinion about the results of these reductions. In the first 8 weeks, however, while the number of passengers shows an increase of 6 per cent. as compared with the same period last year, the earnings show a decrease of 6 per cent. The figures of the ninth week are more encouraging, if they can be taken as an augury for the future. They show an increase both in numbers and earnings, of 16 per cent. and 7 per cent. respectively.

15. We anticipate an increase in our goods earnings to the extent of

Goods earnings. $3\frac{1}{2}$ crores as compared with last year and
 $1\frac{1}{2}$ crores as compared with our budget.

The total tonnage carried during the first seven months shows an increase of 7 per cent. having risen from 47 $\frac{3}{4}$ million to 51 million. In ton miles the increase is still greater. It is nearly 9 per cent. being 8930 million against 9715 million last year. The average lead has increased from 187.2 miles in 1932-33 to 190.6 miles, but is still less than the corresponding figure for 1931-32. It is encouraging to note that the increase in traffic has been general and has not been confined to any particular commodity. The total number of wagons loaded in the first nine months of the year showed an increase of 373,000 or nearly 9 per cent. Under coal and coke there was an increase of 39,000 (6 per cent.); under grains and pulses of 43,000 (8 per cent.); under oilseeds 55,000 (44 per cent.); and under cotton 16,000 (18 per cent.) The number of miscellaneous full wagons loaded during the period increased by 163,000, or nearly 11 per cent. while under miscellaneous 'smalls' the increase was 7 per cent.

16. In the statement below, the present estimates of working expenses are given in the usual detail and compared with the figures of the previous year and our budget estimate.

Commercial Lines.

(Figures in lakhs of rupees.)

Particulars.	Actuals, 1932-33.	1933-34.	
		Budget.	Revised.
Administration	12.06	11.99	12.01
Repairs and Maintenance	15.48	15.50	15.67
Operation other than Fuel	17.22	17.12	17.06
Fuel	6.97	6.73	6.73
Suspense	6	..	..
Emergency deductions from pay	-1.87	-1.01	-1.04
Payment to Income-tax Department in respect of railway staff exempted from surcharge	19	..	..
Total ordinary working expenses	50.11	50.33	50.43
Depreciation	13.33	13.31	13.17
Total working expenses	63.44	63.64	63.60
Recoveries from worked lines	-2.49	-2.47	-2.50
Net working expenses	60.95	61.17	61.10

17. The present estimate of working expenses differs little from the budget either in total or in detail. The

Working Expenses.

only important difference is under repairs and maintenance where the expenditure anticipated is 17 lakhs higher than in the budget. The greater portion of this increase is attributable to the expenditure of 15 lakhs that is being charged to revenue for the first time during the current year in order to meet, by instalments, the expenditure not chargeable to capital on repairs to earthquake damages and the repairs to and remodelling of the Harding Bridge protection and training works.

The total of our ordinary working expenses, excluding the emergency deductions from pay and the payment to the Income Tax Department in respect of railway staff exempted from surcharge, which was made as a special case last year, is expected to be 32 lakhs less than in 1932-33. The main saving expected is under fuel, where we have had the advantage of an appreciable fall in the price of coal.

18. The appropriation to the Depreciation Fund is 16 lakhs less than in 1932-33. The expenditure last year was increased by arrear Depreciation, payments on the North Western Railway on account of contribution on electrical assets due for past years which had not been made at the time. On the other hand, the expenditure in 1933-34 has, to some extent, been reduced because of certain overpayments made in the past which were discovered and set right this year.

19. The interest charges are now expected to be 5.0 lakhs lower than we provided for. The reduction in the rate of Government Interest, borrowing has reduced the average rate of interest charged to railway revenues, and our capital expenditure both in 1932-33 and 1933-34 has also proved much lower than we expected, very largely as a result of more condemned stock and abandoned works being written off capital by debit to the Depreciation Fund.

1934-35.

20. During 1934-35 our accounts will be on a new basis and will include the earnings and working expenses of lines which do not belong to the State but are worked by State lines for a percentage of their gross earnings. The statements below contain, however, sufficient information to enable a proper comparison to be made.

(Figures in lakhs of rupees.)

	Actuals, 1932-33.	Revised estimate, 1933-34.	Budget estimate, 1934-35.
Gross traffic receipts (less refunds) including worked lines	88,06	90,26	92,99
<i>Deduct</i> —Traffic receipts (worked lines)	4,86	5,00	..
Gross traffic receipts (State lines)	83,20	85,26	..
Total working expenses including depreciation (including worked lines)	63,44	63,60	63,95
<i>Deduct</i> —Share of worked lines	2,49	2,50	..
Total operating expenses (State lines)	60,95	61,10	..
Net traffic receipts (including worked lines)	..	..	29,04
<i>Deduct</i> —Net receipts of worked lines payable to them	..	..	2,60
A—Net traffic receipts (State lines)	22,25	24,16	26,44

(Figures in lakhs of rupees.)

	Actuals, 1932-33.	Revised estimate, 1933-34.	Budget estimate, 1934-35.
MISCELLANEOUS.			
<i>Receipts.</i>			
Credits for material returned from works not chargeable to revenue	1,15	1,21	1,21
Share of surplus profits from branch line companies	21	21	21
Interest on depreciation and reserve fund balances	65	56	51
Dividends on investments	9	9	8
Receipts from railway companies for supervision, audit and control	(a)	(a)	12
Total	2,10	2,07	2,13
<i>Expenditure.</i>			
Surplus profits paid to companies and Indian States	65	56	56
Rebates and rental	(b)	(b)	14
Subsidy and miscellaneous charges	59	59	57
Receipts from railway companies for supervision audit and control	-12	-12	(c)
Total	1,12	1,03	1,27
B—Net Miscellaneous	+98	+1,04	+86
Total railway revenue (net) A+B	23,23	25,20	27,30
Interest charges	31,44	30,97	30,64
Loss	8,21	5,77	3,34

(a) Shown as a deduction from miscellaneous expenditure in 1932-33 and 1933-34.

(b) Included in working expenses in 1932-33 and 1933-34.

(c) Shown as an addition to miscellaneous receipts in 1934-35.

21. If our anticipations for the current year are realised we shall have realised an increase of about $2\frac{1}{2}$ per cent. over our receipts in 1932-33, and the second half of the year would be distinctly better than the first. We have framed our estimate for 1934-35 in the hope that we are now at the beginning of a gradual recovery of traffic and that the next year will show a similar improvement over 1933-34. Our total estimate of 93 crores includes $5\frac{1}{2}$ crores for worked lines. Our estimate for State lines alone is $87\frac{3}{4}$ crores against $85\frac{1}{4}$ crores in the current year, an increase of $2\frac{1}{2}$ crores or 3 per cent.

Our total operating expenses will, it is expected, be somewhat higher than in the current year. The total of 63.95 crores includes 265 lakhs which under the old system of accounting would have been deducted as recovered from worked lines. On the other hand, it does not include about 14 lakhs on account of rebates and rental which were formerly classified under working expenses. Making allowance for both factors, the estimate of working expenses for 1934-35 is 34 lakhs higher than the estimate for 1933-34. Of this 5 lakhs is under depreciation and 6 lakhs is the result of a smaller recovery on account of the cut in pay which was, in one month of the current year, made at a higher rate. The real excess therefore is about a quarter of a crore. This is not surprising in view of the fact that the major economies that railways could hope for immediately have already been realised

and that to the extent that such economies were of the nature of postponement of expenditure, the time when this expenditure has to be undertaken comes ever nearer and has in certain cases already come.

22. A detailed comparison of the estimates of traffic earnings is given Gross traffic receipts. in the statement below :

Commercial lines (including worked lines).

(Figures in lakhs of rupees.)

Particulars.	1932-33.	Revised estimate, 1933-34.	Budget estimate, 1934-35.
Passenger earnings	28,54	27,41	28,00
Other coaching traffic earnings	4,91	4,75	4,81
Goods earnings	53,06	56,57	58,60
Other earnings	1,62	1,65	1,70
Suspense	4	..	..
Total	88,17	90,38	93,11
Refunds of revenue	— 11	— 12	— 12
	88,06	90,26	92,99

We are hoping for a small revival in passenger earnings and the continuation of the improvement that has been already observed during the current year in goods earnings.

23. As we have stated already, the forms in which our working expenses are being exhibited from 1934-35, which have been drawn up in consultation both with the Public Accounts Committee and the Standing Finance Committee for Railways, are radically different from the present forms. It is difficult to compare the budget estimate for 1934-35 with the revised estimate of 1933-34, but, in the statement below, an endeavour has been made to recast the revised estimates in the form in which they would have appeared if they had been prepared in the new form.

Commercial lines (including worked lines).

(Figures in lakhs of rupees.)

	Revised estimate, 1933-34.	Budget estimate, 1934-35.
Maintenance of structural works	8,54	8,61
Maintenance and supply of locomotive power	16,30	16,41
Maintenance of carriage and wagon stock	5,66	5,69
Maintenance of ferry steamers and harbours	30	28
Expenses of Traffic Department	10,42	10,53
Expenses of General Departments	4,72	4,80
Miscellaneous Expenses	4,25	4,18
Electric Service Department	1,18	1,21
Emergency deductions from pay	— 1,04	— 98
Total ordinary working expenses	50,33	50,73
Depreciation	13,17	13,22
Total	63,50	63,95

24. Excluding the variations due to the cut in pay from which we obtained more during 1933-34 on account of the fact that the cut in the first month of the year was at the higher rate, the difference in ordinary working expenses amounts to 34 lakhs. Owing to the higher gross receipts that we expect will be earned by worked lines, the amount that we are enabled to retain as our share of the working expenses of these lines will be correspondingly higher, and taking this into account the net increase to the State lines alone is about a quarter of a crore.

25. Our interest charges are 33 lakhs less next year, as a result of the fall in the average rate of interest which has more than counterbalanced the effect of the increase in the capital at charge.

PART III.

Strategic Lines.

26. The variations in the figures for strategic lines are comparatively small and call for no explanation. The statement below give the relevant figures.

(Figures in lakhs of rupees.)

Particulars.	Actuals, 1932-33.	1933-34.		1934-35, Budget.
		Budget.	Revised.	
Gross traffic receipts	1,23	1,31	1,24	1,26
Working expenses	1,51	1,51	1,53	1,54
Emergency deductions from pay	—5	—2	—2	—2
Depreciation	44	44	43	43
Total Working Expenses	1,90	1,93	1,94	1,95
A—Net traffic receipts	—67	—62	—70	—69
<i>Miscellaneous Receipts.</i>				
Credits for material returned from works not charged to revenue	4	2	4	4
Interest on balances of Depreciation Fund	8	9	8	10
Total	12	11	12	14
<i>Miscellaneous Expenses.</i>				
B—Net miscellaneous	12	11	12	14
Net revenue (A + B)	—55	—51	—58	—55
Interest charges	1,47	1,46	1,43	1,41
Net loss in working	2,02	1,97	2,01	1,96

PART IV.

Capital Expenditure.

1933-34.

27. Our works programme for the current year was expected to cost $10\frac{1}{2}$ crores, of which we expected that $1\frac{1}{2}$ crores would be found by reduction of stores balances and $9\frac{1}{2}$ crores would be required in cash. Of this we estimated that nearly 6 crores would be found from the depreciation fund and the balance of $3\frac{1}{2}$ crores from capital. Our present expectations are that our total net expenditure in cash after allowing for a reduction of stores balances of $1\frac{1}{2}$ crores will not be more than $6\frac{1}{2}$ crores. Our capital expenditure will, it is estimated, be 25 lakhs on new lines. The capital expenditure on improvements of the open line will be entirely counterbalanced by the reduction in stores balances and by credits from the depreciation fund owing to certain assets being scrapped without replacement, the result of which is that our capital at charge is reduced, the original value of the assets being written off to the depreciation fund. Consequently the amount we require from the depreciation fund is expected to be 6 crores.

1934-35.

28. Our works expenditure in 1934-35 is more than what we expect to spend in the current year. We anticipate that we shall require just over 14 crores, of which we can find 70 lakhs by further reductions in stores balances, which, if these estimates prove correct, will come down to 10 crores at the end of 1934-35. Our cash expenditure is estimated at $13\frac{1}{2}$ crores.

For new construction we are making a provision of only 11 lakhs, which is practically all required for the completion of lines now under construction. The only amount that we are providing for new construction is about 3 lakhs for a small line—5 miles in length—on the South Indian Railway between Agastyampalli and Point Calimere which we are committed to as part of the arrangements made when the Tanjore District Board Railway was transferred to Government some years ago. There are certain projects, like the Bombay-Sind Connection, which are under examination at present, but they have not reached a stage at which we could feel ourselves justified in asking the Assembly to provide funds for them. If our examination proves that any new lines are likely to be sufficiently remunerative and if we are in a position to start construction during the next working season, we shall place the projects before the Standing Finance Committee for Railways and approach the Assembly for an additional grant.

29. Neglecting the reduction of stores balances, open line works are expected to cost in all just under 14 crores of which about $8\frac{3}{4}$ crores will be found from the depreciation fund. Of this amount $1\frac{1}{2}$ crores are required for works in progress, about $4\frac{3}{4}$ crores for track renewals, and $3\frac{1}{2}$ crores for rolling stock.

Of the works in progress for which provision is made in the Budget, the most important are the Nerbudda Bridge at Broach which will not be completed till 1935-36, and the Salt Cateurs Locomotive Yard at Madras which will be finished in 1934-35. The amounts included are 27 lakhs and 8 lakhs respectively.

The amount provided for new works is 4½ crores, including about a crore and a quarter on small items for which a lump sum is placed at the disposal of Agents to be spent at their discretion on essential works. The only new individual items of work of any importance for which any large provision has been made in the budget are the extension of the Khargpur power house (12 lakhs), the remodelling of the Hubli station yard (11 lakhs), the rebuilding of the Gorai bridge (8 lakhs) and the remodelling of the Jamalpur workshops (10 lakhs).

The proposed remodelling of the Jamalpur workshops was originally taken up for consideration as likely to be remunerative, but recent events have proved the rebuilding of the shops to be an urgent necessity. The earthquake has precipitated matters by demolishing the old shops.

We are providing in the rolling stock programme for buying 2,500 wagons in replacement of existing uneconomical wagons. About 300 additional wagons are required for the Shoranur-Cochin Branch of the South Indian Railway recently converted to broad gauge and 100 cattle wagons of a special type for the Bombay, Baroda and Central India Railway. The total cost of these 2,900 wagons is about 1½ crores.

As we have indicated elsewhere, it is proposed to charge initially to the Depreciation Fund expenditure in connection with earthquake damages and the Hardinge Bridge which is not debitable to capital, and to repay this from revenue by annual instalments of fifteen lakhs. Our works programme for 1934-35 has been increased by 170 lakhs (of which 70 lakhs will be charged to capital and a crore to the Depreciation Fund) to provide for essential works in connection with these calamities.

The additional expenditure in connection with the remodelling of the protective and training works of the Hardinge Bridge is estimated to be about 140 lakhs of which 108 lakhs will be required in 1934-35.

No accurate estimates of the additional expenditure due to the earthquake are at present obtainable, but it is probable that it will on the whole exceed three-quarters of a crore. The damages at Jamalpur alone on the East Indian Railway are estimated to cost nearly half a crore to repair and those on the Bengal and North-Western Railway may extend to half that amount.

30. Finally we wish to express our gratitude to the Members of the Standing Finance Committee for Railways for the great assistance they have given us throughout the year.

T. G. RUSSELL,

Chief Commissioner of Railways.

NEW DELHI;

The 10th February 1934.

P. R. RAU,

Financial Commissioner of Railways.

APPENDIX I.

The ordinary working expenses during these years are as follows:—

	Lakhs.
1929-30	55,59
1930-31	54,39
1931-32	49,31
1932-33	49,08
1933-34 (Revised)	49,44
1934-35 (Budget)	52,25

In making a comparison of working expenses allowance is to be made for certain special important factors having to be taken into account.

(a) In 1929-30 and 1930-31 the figures include the proportion of the share of working expenses of the Mysore State Railways while in later years they do not include it. We should, therefore, decrease the figures of the first two years by about 24 lakhs.

(b) In 1929-30 the working expenses of the Southern Punjab Railway are included only for three months while in the following years they are included for all the twelve months. We should, therefore, increase the figure for 1929-30 by about half a crore.

(c) Certain arrear adjustments with the depreciation fund to correct past erroneous transactions decreased the working expenses of 1930-31 by 166 lakhs and increased those of 1931-32 and 1932-33 by 9 lakhs and 6 lakhs respectively. For comparative purposes these adjustments should be neglected.

(d) In 1932-33 a special payment of 20 lakhs was made to the Income tax Department as representing the value of the exemption allowed to railway staff from the additional income-tax imposed in 1931. This should be omitted for comparative purposes.

(e) In 1931-32 and 1932-33 the amounts recovered on account of the emergency deductions from pay amounted to 58 lakhs and 192 lakhs respectively. In 1933-34 and 1934-35 they are expected to amount to 106 and 100 lakhs respectively. For comparison, these deductions should be neglected.

(f) In 1932-33, the working expenses were increased by 20 lakhs on account of certain arrear adjustments on the South Indian Railway where some lines recently constructed had previously been treated as worked lines instead of as integral parts of the undertaking.

(g) From 1932-33 onwards, amounts obtained from the disposal of material released in the course of construction of works not charged to capital have been credited to receipts, instead of being deducted from working expenses. These amounted to 119 lakhs in 1932-33 and are estimated to amount to 125 lakhs in each of the years 1933-34 and 1934-35. For purposes of comparison, these should be deducted from the expenses of these years.

(h) In 1933-34 and 1934-35 a special addition of 15 lakhs has been made to the working expenses as the annual instalment to be charged to revenue to meet the expenditure not chargeable to capital of the repairs and remodeling of the Hardinge Bridge protection and training works and the repairs of earthquake damages.

Making allowance for all these factors the comparable figures are as follows:

Crotes.

[illegible]

APPENDIX II.

CAPITAL EXPENDITURE.

The total expenditure charged to capital and to the depreciation fund on State-owned railways in the three years 1932-33 to 1934-35 is set out in the table below:—

	Accounts, 1932-33.	1933-34.		Budget, 1934-35.
		Budget.	Revised.	
England—				
Sterling pay- ments. £	781,225	975,000	750,000	1,290,000
Converted into rupees at 1s. 6d. to the rupee. Rs.	1,04,16,732	1,30,00,000	1,00,00,000	1,72,00,000
Exchange . Rs.	—35,096	..	—17,000	..
Total England . Rs.	1,03,81,636	1,30,00,000	99,83,000	1,72,00,000
India—				
Payments in India Rs.	5,41,76,106	7,95,00,000	5,25,17,000	11,83,00,000
Total England and India. Rs.	6,45,57,742	9,25,00,000	6,25,00,000	13,35,00,000

The distribution of the above between capital and depreciation fund is as follows:—

Capital . . .	10,87,258	3,30,00,000	25,00,000	4,68,00,000
Depreciation Fund .	6,34,70,484	5,95,00,000	6,00,00,000	8,67,00,000

2. The statement below gives a comparison of the allotments made for open lines and lines under construction during the same period (viz., 1932-33 to 1934-35) under commercial and strategic lines separately:—

(Figures in thousands of rupees.)

		Accounts, 1932-33.	Revised Estimate, 1933-34.	Budget Estimate, 1934-35.
Commercial.				
Open line (including rolling stock)	Capital	—23,58	1,50	4,63,85
	Dep. Fund	6,11,43	5,86,00	8,43,65
Total open lines	Capital	—23,58	1,50	4,63,85
	Dep. Fund	6,11,43	5,86,00	8,43,65
Lines under construction	Capital	57,04	25,00	11,00
	Dep. Fund	..	..	..
Total Commercial	Capital	33,46	26,50	4,74,85
	Dep. Fund	6,11,43	5,86,00	8,43,65
Total		6,44,89	6,12,50	13,18,50
Strategic.				
Open line (including rolling stock)	Capital	—22,81	—1,50	—6,85
	Dep. Fund	23,28	14,00	23,35
Lines under construction—Capital		22	..	..
Total Strategic	Capital	—22,59	—1,50	—6,85
	Dep. Fund	23,28	14,00	23,35
Total Commercial and Strategic Lines	Capital	10,87	25,00	4,68,00
	Dep. Fund	6,34,71	6,00,00	8,67,00
Total		6,45,58	6,25,00	13,35,00

3. The distribution of the total budget provision of 13·35 crores for 1934-35 is as follows :—

(Figures in thousands of rupees.)

Railways.	Open Lines.			New Construction.		
	Rolling Stock.	Other Items.	Total.	Lines in progress.	New Lines.	Total.
<i>State Railways managed by the State.</i>						
Burma Railways—						
<i>New Construction—</i>						
Sagaing Bridge . . .	..	..	..	5,00	..	5,00
<i>Open Line</i> { Capital .	—2,65	13,05	10,40	..	..	..
{ Dep. Fund .	2,84	17,95	20,79	..	..	..
<i>Total</i> { Capital .	—2,65	13,05	10,40	5,00	..	5,00
{ Dep. Fund .	2,84	17,95	20,79	..	..	..
Eastern Bengal Railway—						
<i>Open Line</i> { Capital .	5,68	26,01	31,69	..	..	..
{ Dep. Fund .	15,18	39,61	54,79	..	..	..
<i>Total</i> { Capital .	5,68	26,01	31,69	..	..	..
{ Dep. Fund .	15,18	39,61	54,79	..	..	..
East Indian Railway—						
<i>Open Line.</i> { Capital .	21,83	76,54	98,37	..	..	..
{ Dep. Fund .	33,09	73,62	1,06,71	..	..	..
<i>Total</i> { Capital .	21,83	76,54	98,37	..	..	..
{ Dep. Fund .	33,09	73,62	1,06,71	..	..	..

Railways.	Open Lines.			New Construction	
	Rolling Stock.	Other Items.	Total.	Lines in progress.	New Lines.
Great Indian Peninsula Railway—					
<i>Open Line</i> . { Capital .	—5,38	26,58	21,20	..	..
Dep. Fund .	50,09	60,86	1,10,95	..	..
<i>Total</i> . { Capital .	—5,38	26,58	21,20	..	..
Dep. Fund .	50,09	60,86	1,10,95	..	..
North-Western Railway (Commercial lines)—					
<i>Open Line</i> . { Capital .	—18,43	34,67	16,24	..	—
Dep. Fund .	41,10	93,73	1,34,83	..	—
<i>Total</i> . { Capital .	—18,43	34,67	16,24	..	..
Dep. Fund .	41,10	93,73	1,34,83	..	..
North Western Railway (Strategic Lines)—					
<i>Open Line</i> . { Capital .	—3,00	—3,85	—6,85	..	..
Dep. Fund .	5,95	17,40	23,35	..	..
<i>Total</i> . { Capital .	—3,00	—3,85	—6,85	..	..
Dep. Fund .	5,95	17,40	23,35	..	..
State Railway Collieries .	..	—5	—5	..	..
Total State Railways managed by the State. { Capital .	—1,95	1,72,95	1,71,00	5,00	..
Dep. Fund .	1,48,25	3,03,17	4,51,42	..	..
TOTAL .	1,46,30	4,76,12	6,22,42	5,00	..

Railways.	Open Lines.			New Construction.		
	Rolling Stock.	Other Items.*	Total.	Lines in progress.	New Lines.	Total.
<i>State^F Railways managed by Companies or Indian States—</i>						
Assam Bengal Railway—						
<i>Open Line</i> .	Capital .	27	10,35	10,62	..	..
	Dep. Fund.	3,13	13,15	16,28	..	..
Total .	Capital .	27	10,35	10,62	..	..
	Dep. Fund.	3,13	13,15	16,28	..	..
Bengal Nagpur Railway—						
<i>New Construction—</i>						
Raipur Vizianagram .						
<i>Open Line</i> .	Capital .	11,01	34,86	45,87	..	..
	Dep. Fund.	28,55	54,18	82,73	..	..
Total .	Capital .	11,01	34,86	45,87	2,65	2,65
	Dep. Fund.	28,55	54,18	82,73	..	..
Bezwada Extension—						
<i>Open Line</i> {	Capital .	..	7	7	..	..
	Dep. Fund .	..	56	56	..	..

Railways.	Open Lines.			New Construction.		
	Rolling Stock.	Other Items.	Total.	Lines in progress.	New Lines.	Total.
Bengal and North-Western Railway (Tirhut Section)—						
<i>Open Line</i> .	Capital .	1,16	3,35	4,51	..	..
	Dep. Fund.	72	5,22	5,94	..	..
Total .	Capital .	1,16	3,35	4,51	..	..
	Dep. Fund.	72	5,22	5,94	..	..
Bombay, Baroda and Central India Railway—						
<i>Open Line</i> .	Capital .	12,93	36,03	48,96	..	..
	Dep. Fund .	44,72	65,99	1,10,71	..	..
Total .	Capital .	12,93	36,03	48,96	..	..
	Dep. Fund .	44,72	65,99	1,10,71	..	..
Dhone Kurnool Railway—						
<i>Open Line—Capital</i> . .	..	45	45	..	..	..
Jodhpur Railway—						
<i>Open Line</i> .	Capital .	..	2,18	2,18	..	..
	Dep. Fund.	38	2,24	2,62	..	..

Railways.	Open Lines.			New Construction.		
	Rolling Stock.	Other Items.	Total.	Lines in progress.	New Lines.	Total.
Madras and Southern Mah-ratta Railway--						
<i>Open Line</i> .	{ Capital .	12,13	34,21	46,34	..	..
	{ Dep. Fund .	28,20	37,80	66,00	..	..
<i>Total</i> .	{ Capital .	12,13	34,21	46,34	..	..
	{ Dep. Fund .	28,20	37,80	66,00	..	..
Rohilkund and Kumaon Railway--						
<i>Open Line</i> .	{ Capital .	62	1,54	2,16	..	..
	{ Dep. Fund .	1,33	2,81	4,14	..	..
South Indian Railway--						
<i>New Construction--</i>						
Dindigul Pollachi . .	..	..	..	14	.	14
Agastiyampalli Point Calimere.	..	..	..	..	3,35	3,35

Railways.	Open Lines.			New Construction.		
	Rolling Stock.	Other Items.	Total.	Lines in progress.	New Lines.	Total.
South Indian Railway—concl'd.						
<i>New Construction—concl'd.</i>						
Pollachi Palghat . . .	..	..	..	—4	..	—4
Open Lines . {	Capital	25,24	27,86	53,10	..	..
	Dep. Fund	9,88	26,72	36,60	..	..
Total . {	Capital	25,24	27,86	53,10	10	3,35
	Dep. Fund	9,88	26,72	36,60	..	..
Total State Railways managed by Companies or Indian States {	Capital	63,36	1,50,90	2,14,26	2,75	3,35
	Dep. Fund	1,16,91	2,08,67	3,25,58	..	..
Total .		1,80,27	3,59,57	5,39,84	2,75	3,35
Total all State Railways. {	Capital	61,41	3,23,85	3,85,26	7,75	3,35
	Dep. Fund	2,65,16	5,11,84	7,77,00	..	..
For emergencies {	Capital	..	5,00	5,00	..	..
	Dep. Fund	..	5,00	5,00	..	..
Emergency deductions from pay	..	—7,00	—7,00	—10	..	—10
Hardinge Bridge protection and training works.	..	60,00	60,00	..	..	..
	..	48,00	48,00	..	..	..
Earthquake damages . . .	..	10,00	10,00	..	..	..
	..	52,00	52,00	..	..	..
Refund of Capital advanced by Rohilkund and Kumoan Railway Company for State Works.	..	3,74	3,74	..	..	..
	..	..	..	..	..	..
Repayments from revenue for Hardinge Bridge works and earthquake damages.	..	..	..	..	..	..
	..	—15,00	—15,00	..	..	..
Total . {	Capital	61,41	3,95,59	4,57,00	7,65	3,35
	Dep. Fund	2,65,16	6,01,84	8,67,00	..	..
Grand Total .				13,35,00		

NOTE.—Figures in *italics* represent expenditure from the Depreciation Fund.

Open Line Works.

4. *Engineering, structural and other works.*—The following is the distribution of the proposed expenditure among the various classes of works comprised in this group :—

(Figures in lakhs of rupees.)

	Capital.	Depreciation Fund.	
(1) Track	85.22	391.11	476.33
(2) Bridges	58.63	46.86	105.49
(3) Traffic facilities	81.55	16.43	97.98
(4) Workshops and Loco. sheds	46.62	13.41	60.03
(5) Staff quarters	24.37	1.07	25.44
(6) Welfare Works	14.97	9.26	24.23
(7) Electric installations	24.59	11.09	35.68
(8) Signalling and interlocking	17.67	6.46	24.13
(9) Electrification of track	.35	..	.35
(10) Removal of infringements	4.05	2.14	6.19
(11) Ferries	..	..	..
(12) Collieries	10.67	..	10.67
(13) Emergencies	5.00	5.00	10.00
(14) Other Works	28.75	14.01	42.76
(15) Hardinge Bridge protection and training works and earthquake damages.	70.00	100.00	170.00
(16) Suspense (Reduction of stores balances)	—69.85	..	—69.85
(17) Emergency deductions from pay	—7.00	..	—7.00
(18) Repayments from revenue for Hardinge Bridge works and earthquake damages	..	—15.00	—15.00
Total .	395.59	601.84	997.43

(1) and (2) *Track and Bridges.*—The policy of strengthening and improving both track and bridges is being continued and, though on account of the general financial stringency the programme has still to be somewhat curtailed, it has been necessary to make a total provision of Rs. 476.33 lakhs for renewals of track, or about Rs. 57½ lakhs more than the corresponding provision in 1933-34, in order to pull up arrears.

The provision for the girder renewal and bridge strengthening programme amounts to Rs. 213·49 lakhs, which is about Rs. 104½ lakhs more than the corresponding provision during the current year. Of this total provision, a sum of Rs. 27 lakhs has been provided in respect of expenditure anticipated during 1934-35 on the Nerbudda Bridge at Broach, Bombay, Baroda and Central India Railway, while on the Great Indian Peninsula Railway Rs. 11½ lakhs have been allowed for the reconstruction of the Sind and Chambal bridges, which has been necessitated by the policy of bringing up to main line standard the North East line between Itarsi and Nagpur. On the Eastern Bengal Railway it is proposed to rebuild the Gorai Bridge in the interests of safety, and a provision of Rs. 8 lakhs is being made accordingly for this work. In the programme provision to the extent of Rs. 108 lakhs has also been made for effecting certain repairs and additions to the protection works of the Hardinge Bridge, which were damaged in September 1933, and for establishing ferry services across the river if that should become necessary during the next flood season. The expenditure is necessary to enable the work to be carried out before the next flood season, in order to prevent further damage to and possible loss of the bridge itself. A small provision of Rs. 1½ lakhs has also been made for the work of extending the guide bunds of the Sutlej River Bridge at Giddarpindi, North Western Railway, which had to be undertaken as an emergent work during the current year, and provision amounting to Rs. 5½ lakhs and Rs. 4 lakhs respectively have been made for the reconstruction of the Adjai Bridge, and for additional waterway in the East approach bank of the Lower Sone Bridge near Koilwar, both on the East Indian Railway. The latter work is required to provide relief for the Lower Sone bridge of which the foundations are shallow and the waterway is insufficient to cope with the floods now passing through it.

Traffic facilities.—The work of doubling the Tundla Etawah section of the main line on the East Indian Railway has practically been completed. As regards important remodelling schemes, provision is being made for carrying on the work of remodelling the Hubli Station yard and for the new Loco. yard at Salt Cotaurs on the Madras and Southern Mahratta Railway, for which sums amounting to Rs. 11½ lakhs and 7½ lakhs respectively have been provided.

Workshops, Station and other buildings.—Work on the Dohad shops of the Bombay, Baroda and Central India Railway is expected to be completed in 1934-35, and a small amount has been provided for this purpose. As regards the Perambur Shops on the Madras and Southern Mahratta Railway, the work is expected to be completed in 1934-35, and a sum of Rs. 1·5 lakhs is being provided next year for this work. The remodelling of Jamalpur Workshops on the East Indian Railway, which is required to meet the pressing demand at that station for the earliest possible provision of shop and crane facilities for dealing with the heaviest classes of locomotive engines, boilers and tenders, and to concentrate at that place heavy repairs of engines on account of more favourable labour conditions prevailing there, is being provided for at an approximate cost of Rs. 25 lakhs, out of which Rs. 10 lakhs is being provided for work to be done next year, and the balance of Rs. 15 lakhs to be expended in the following year for completion of the work. The plant in the Power House in the Khargpur Workshops, Bengal Nagpur Railway has also largely reached its limit of useful life, and inadequate to meet the present increased requirements in respect of power. Its replacement is, therefore, imperative and is also expected to be remunerative. A provision of about Rs. 11½ lakhs, has accordingly been made for this work in 1934-35, leaving a balance of Rs. 3 lakhs to be spent on its completion during the following year.

5. *Staff quarters*.—The following table shows the distribution of the proposed expenditure for the provision of quarters for the staff :—

Railways.	Officers' Quarters.		Other Quarters.		Total.
	Provision to complete bungalows under construction.	Provision for new bungalows.	Provision to complete quarters under construction.	Provision for new quarters.	
Assam Bengal .	..	..	..	1,75	1,75
Bengal Nagpur.	..	..	1,20	1,75	2,95
Bengal & North Western,	..	..	12	71	83
Bezwada and Dhone Kur-nool.	..	..	..	21	21
Bombay, Baroda and Central India.	..	..	..	48	48
Burma . .	..	..	.	2,15	2,15
Eastern Bengal.	..	..	..	50	50
East Indian .	..	..	..	4,67	4,67
Great Indian Peninsula.	..	..	..	60	60
Jodhpur . .	..	..	..	15	15
Madras and Southern Mahratta.	..	..	10	4,61	4,70
North Western.	..	..	..	6,10	6,10
Rohilkund and Kumaon.	..	..	..	15	35
South Indian .	..	..	..	..	..
To a .			1,41	24,02	25,44

76. *Amenities for Passengers.*—The statement below shows against each railway the expenditure proposed on the various categories under which these amenities are usually sub-divided :—

(Figures in thousands.)

Railways.	Water supply.	Waiting rooms and halls.	Indian refreshment rooms.	Booking facilities.	Latrines and sanitary arrangements.	Raised platforms.	Additions and betterments to lower class carriages.	Total.
1. Assam Bengal . . .	..	..	..	..	..	..	40	40
2. Bengal Nagpur . . .	..	5	5	..	2	..	..	12
3. Bengal and North Western.	..	..	..	1	1	1	..	2
4. Bombay, Baroda and Central India.	..	20	..	..	2	74	8,13	9,09
5. Burma	5	10	..	..	5	..	..	20
6. Eastern Bengal . . .	6	4	..	..	..	13	..	23
7. East Indian . . .	25	20	20	20	25	30	..	1,40
8. Great Indian Peninsula.	..	28	..	..	2	4	4,00	4,34
9. Jodhpur	..	6	..	..	..	4	..	10
10. Madras and Southern Mahratta.	5	27	..	77	8	..	9,38	10,55
11. North-Western . .	19	58	2	3	1,43	13	..	2,38
12. Rohilkund & Kumaon	..	..	..	..	2	..	..	2
13. South Indian . . .	..	..	22	21	18	2,17	6,58	9,36
TOTAL .	60	1,78	49	1,22	2,08	8,55	28,49	38,21

7. *Rolling Stock*.—Of the total amounts provided for expenditure on rolling stock during 1934-35, 17.03 lakhs (of which about 9 lakhs are from the Depreciation Fund) are for completion of works sanctioned in previous programmes. The expenditure on new 'items' is shown in the statement below.

	Broad Gauge.			Metre Gauge.			Narrow Gauge.			Total.		
	Addi- tions.	Renewals.		Addi- tions.	Renewals.		Addi- tions.	Renewals.		Addi- tions.	Renewals.	
		Capital.	Dep. Fund.		Capital.	Dep. Fund.		Capital.	Dep. Fund.		Capital.	Dep. Fund.
I.—Locomotives—												
(a) Engines and Ten- ders.	3,67	—23,34	41,72	11	—81	5,07	..	1,10	91	3,78	—23,05	47,70
(b) Boilers	..	4,10	31,62	..	1,37	8,14	..	3	11	..	5,50	39,87
(c) Miscellaneous Ex- penditure.	2,69	20	..	..	..	..	..	..	..	2,69	20	..
II.—Coaching Stock—												
(a) I and II class	..	11,89	8,87	..	37	94	..	..	..	..	12,26	9,61
(b) Inter and III class	3,80	4,65	10,24	1,65	2,21	4,54	..	..	..	5,45	6,86	14,78
(c) Composites	..	78	1,63	..	2,07	3,88	..	..	..	..	2,85	5,51
(d) Other coaches	..	9,72	9,42	..	5,83	9,80	..	—92	92	..	14,63	20,14
(e) Miscellaneous Ex- penditure.	7	—10,80	10,80	..	6	1	..	..	..	7	—10,74	10,81
III.—Goods Stock—												
(a) General Service	12,94	17,52	92,70	..	69	4,37	..	..	..	12,94	18,21	97,07
(b) Other types	2,12	43	1,89	4	58	6,54	..	—1,18	1,18	2,16	—17	9,61
(c) Miscellaneous Ex- penditure.	..	—50	80	80	..	..	..	..	..	80	—80	80
Total	25,29	14,35	2,09,49	2,60	12,37	43,29	..	—97	3,12	27,89	25,75	2,55,90

The programme provides for the construction of new units of stock shown in the table below, all of which, however, will not necessarily be completed and be available for use before the 31st March 1935.

	Broad Gauge.			Metre Gauge.			Narrow Gauge.		
	Additions.	Re-novels.	Total.	Additions.	Re-novels.	Total.	Additions.	Re-novels.	Total.
	No.	No.	No.	No.	No.	No.	No.	No.	No.
1. Locomotives	3	11	14	..	15	15	..	3	3
2. Coaching vehicles (in terms of 4-wheelers).—									
(a) I and II class	..	62	62	..	6	6	..	..	..
(b) Inter and III class.	12	100	112	10	110	120	..	..	..
(c) Composites	..	12	12	..	28	28	..	..	..
(d) Other coaches	..	92	92	..	62	62	..	..	..
3. Goods wagons (in terms of 4-wheelers).—									
(a) General Service.	277	2,600	2,877	..	169	169	..	..	..
(b) Other types	21	22	43	1	171	172	..	..	..

The programme contains provision for scrapping without renewals of 12 locos, 2 units of carriages and 4 units of wagons on Burma Railways, 38 locos, 72 units of carriages and 23 units of wagons on Great Indian Peninsula Railway and 28 broad gauge locos, 77 broad gauge and 24 narrow gauge units of carriages and 570 broad gauge and 78 narrow gauge units of wagons on North Western Railway.

The following statement shows in terms of four-wheelers, the details of the new units of coaching and goods stock which will be additions to the authorised stock of the Railways:—

Railways.	Coaching Stock.				Goods Stock.			
	Broad Gauge.		Metre Gauge.		Broad Gauge.		Metre Gauge.	
	Inter and III.	Other coaches.	Inter and III.	Other Coaches.	General Service.	Other types.	General Service.	Other types.
Burma	..	..	..	..	..	..	..	1
Great Indian Peninsula	..	..	..	..	..	16	..	..
Madras and Southern Mahratta	12	..	..	..	..	..	..	..
South Indian	...	..	10	..	277	5	..	...
Total	12	..	10	...	277	21	..	1

New Construction.—The new bridge over the Irrawady at Sagaing on the Burma Railways has been opened, but a provision of Rs. 5 lakhs is being made in 1934-35 to complete the work. Circumstances have not been favourable during the last few years for commencing any new lines but Government are now considering the resumption of new construction work again, and are examining a number of projects in order to ascertain whether they are likely to yield an adequate return on the money to be expended. These projects include the Bombay Sind Connection Railway, railways to serve the Nira Valley in the Bombay Presidency, and the newly irrigated areas in Sind, certain lines in the United Provinces and in South India, and a bridge over the Meghna River on the Assam Bengal Railway to replace the existing wagon ferry. Of the new lines under consideration, provision in 1934-35 has been made only in respect of one new line in Southern India, viz., the Agastampalli-Point Calinere Railway, a short extension of about 5½ miles, which Government are committed to provide as part of the terms of transfer of the Tanjore District Board lines to Government.

APPENDIX III.

Capital expenditure on State-owned Railways.

(Figures in thousands of rupees.)

RAILWAYS.	Accounts, 1932-33.	To end of 1932-33.	Revised Estimate, 1933-34.	Budget Estimate, 1934-35.	To end of 1934-35.
OPEN LINES.					
State Railways managed by the State—					
Burma	—5,08	31,84,31	12,00	10,40	32,06,71
Eastern Bengal	10,68	48,54,00	—23,00	31,69	48,62,69
East India	30,38	1,36,72,63	—29,00	98,37	1,37,42,00
Great Indian Peninsula .	—71,84	1,22,62,40	—64,00	21,20	1,22,00,60
North Western	—43,90	1,07,12,47	14,00	16,24	1,07,42,71
Strategic Lines	—22,76	33,74,37	—1,50	—6,85	33,66,02
Miscellaneous	—60	2,43,67	..	..	2,43,67
Abandoned projects . .	..	32,26	..	..	32,26
State Railway Collieries .	—8	1,00,09	—1,50	—5	98,54
Total State Railways managed by State	—1,03,20	4,84,26,20	—93,00	1,71,00	4,85,04,20
State Railways managed by Companies or Indian States—					
Assam Bengal	6,32	21,14,36	5,20	10,62	21,30,18
Bengal Nagpur	14,05	72,12,66	13,00	45,87	72,71,53
Bengal and North-Western (Tirhut)	—1,23	9,67,21	4,00	4,51	9,75,72
Bezwada Extension . . .	24	17,94	5	7	18,06
Bombay, Baroda and Central India	14,81	75,78,60	12,00	48,96	76,39,56
Dhone Kurnool	17	26,87	50	45	27,82
Jodhpur	1,75	86,07	75	2,18	89,00
Madras and Southern Mahratta	5,74	52,94,77	18,00	46,34	53,59,11
Rohilkund and Kumaon (Lucknow Bareilly) . .	33	2,41,97	77	2,16	2,44,90
South Indian	19,05	36,87,00	28,00	53,10	37,68,10
Total State Railways managed by Companies or Indian States	61,23	2,72,27,45	82,27	2,14,26	2,75,23,98
Total Open Lines	—41,97	7,56,53,65	—10,73	3,85,26	7,60,28,18

APPENDIX III—*contd.*

(Figures in thousands of rupees.)

RAILWAYS.	Accounts, 1932-33.	To end of 1932-33.	Revised Estimate, 1933-34.	Budget Estimate, 1934-35.	To end of 1934-35.
LINES UNDER CONSTRUCTION.					
State Railways managed by State—					
Burma Railways—					
Taungdwingyi-Kyaukpadaung	8	95,19	..	..	95,19
Sagaing Bridge	20,24	1,03,40	9,20	5,00	1,17,60
Myingyan Natogyi Paleik	3	66,29	..	..	66,29
Taungdwingyi-Minbu Pakokku—	5	56,47	8	..	56,53
Total	20,40	3,21,35	8,28	5,00	3,35,61

APPENDIX III—*contd.*

(Figures in thousands of

RAILWAYS.	Accounts, 1932-33.	To end of 1932-33.	Revised Estimate, 1933-34.	Budget Estimate, 1934-35.
LINES UNDER CONSTRUCTION — <i>contd.</i>				
State Railways managed by State— <i>contd.</i>				
Eastern Bengal Railway—				
Baruipur-Lakshmikantapur	16	40,39	1	..
Tangla Belsiri . . .	13,79	40,02	5,15	..
Dacca Aricha . . .	—18	2,93	..	..
Kalukhali-Kanarkhali Bha- teapara	2,58	54,47	10	..
Nawabganj Abdulpur .	22	83,83	25	..
Purnea Murliganj includ- ing Behariganj branch .	6	30,67	..	..
Dinajpur Rubea . . .	..	32,86	..	..
Total	16,63	2,85,17	5,51	..
East Indian Railway—				
Central Indian Coal- fields	2,37	4,00,59	1,64	..
Calcutta Chord . . .	4,14	3,28,81	—1,46	..
Lucknow Sultanpur Zafar- abad	3,27	93,61	84	..
Unao-Madhoganj . . .	28	32,32	—6	..
Chandpur-Bijnor Muazzam- pur Narian branch .	13	25,54	—2	..
Total	10,19	8,83,87	94	..

APPENDIX III—*contd.*

(Figures in thousands of rupees.)

RAILWAYS.	Accounts, 1932-33.	To end of 1932-33.	Revised Estimate, 1933-34.	Budget Estimate, 1934-35.	To end of 1934-35.
LINES UNDER CONSTRUCTION—<i>contd.</i>					
State Railways managed by State— <i>contd.</i>					
Great Indian Peninsula Rail- way					
Darwha-Pushad . . .	1	31,76	..	..	31,76
Kartal Kamasin . . .	—1	2,40	..	..	2,40
Nasik Belapur Sheo- gaon . . .	..	1,25	..	..	1,25
Khamgaon-Chikli . . .	—1	2,05	..	..	2,05
Hiwarkhed-Akot-Akola Bassim (late Khandwa Hingoli) . . .	—1,10	1,94	—1	..	1,93
Amraoti Narkhed . . .	..	1,06	—1	..	1,95
Total . . .	—1,13	40,46	—2	..	40,44

APPENDIX III—*contd.*

(Figures in thousands of)

RAILWAYS.	Accounts, 1932-33.	To end of 1932-33.	Revised Estimate, 1933-34.	Budget Estimate, 1934-35.
LINES UNDER CONSTRUCTION—<i>contd.</i>				
State Railways managed by State— <i>concl'd.</i>				
North Western Railway—				
Amritsar Narowal . . .	..	61,64	..	..
Kangra Valley . . .	—1	2,94,43	2,11	..
Chak Jhumra Chiniot . .	..	19,04	..	..
Kheshab Chiniot . . .	—1,89	1,28,51	15	..
Lyallpur Chananwala . .	5	11,38	..	..
Sind Left Bank Feed- ers . . .	—53	83,13	16	..
Batala Beas . . .	5	14,78	10	..
Kalabagh Bridge . . .	10	49,48	1	..
Strategic Lines . . .	22	56,14	..	..
Suspense . . .	—8	—4	..	..
Total . . .	—2,09	7,18,49	2,53	..
Total State Railways managed by State . . .	44,00	22,49,34	18,22	5,00

APPENDIX III—*contd.*

(Figures in thousands of rupees.)

RAILWAYS.	Accounts, 1932-33.	To end of 1932-33.	Revised Estimate, 1933-34.	Budget Estimate, 1934-35.	To end of 1934-35.
LINES UNDER CONSTRUCTION—<i>contd.</i>					
State Railways managed by Companies or Indian States—					
Assam Bengal Railway—					
Sibsagar Road Kha- wang	..	31,78	..	..	31,78
Furkating Badulipara Jorhat	..	31,67	..	..	31,67
Karimganj Longai Valley	5	32,81	..	..	32,81
Netrakona Mohan- ganj	3	20,06	..	..	20,06
Habiganj Shaistaganj Balla	—2	20,74	..	..	20,74
Senchoa Mairabari . .	22	21,26	..	..	21,26
Feni Belonia	4	13,64	3	..	13,67
Chittagong Nazirhat . .	89	21,60	10	..	21,70
Chittagong Dohazari . .	—20	49,42	3	..	49,45
Megna bridge at Bhairab	2	1,26	3	..	1,29
Total	1,03	2,44,24	19	..	2,44,43
Bengal Nagpur Railway—					
Raipur Vizianagram . .	8,10	4,84,74	5,02	2,65	4,92,41
Guttitangar Branch . .	1	2,01	..	..	2,01
Total	8,11	4,86,75	5,02	2,65	4,94,42
Bengal and North Western Railway—					
Mashrak Thawe	16	23,05	6	..	23,11

APPENDIX III—*contd.*

(Figures in thousands of rupees.)

RAILWAYS.	Accounts, 1932-33.	To end of 1932-33.	Revised Estimate, 1933-34.	Budget Estimate, 1934-35.	To end of 1934-35.
LINES UNDER CONSTRUCTION — <i>contd.</i>					
State Railways managed by Companies or Indian States — <i>contd.</i>					
Madras and Southern Mah- ratta Railway—					
Nidadavolu Narasapur .	—23	68,53	6	..	68,59.
Cocanada Kotepall .	45	42,46	6	..	42,52
Gadivada Bhimavaram .	1	40,72	1	..	40,73
Hotgi Sholepur . .	—4	7,84	..	..	7,84
Kannivihalli Swamihalli	—1,69	4,12	..	..	4,12
Guntur Gurzala-Macheria	—56	45,71	..	..	45,71
Total .	—2,06	2,09,38	13	..	2,09,51
South Indian Railway—					
Villupuram Trichinopoly	27	2,02,17	—62	..	2,01,55
Virudunagar Tenkasi .	5	68,69	—17	..	68,52
Shoranur Nilambur .	—2,25	80,16	..	..	80,16
Dindigul Pollachi . .	1,89	81,06	78	14	81,98
Trichinopoly Manama- dura.	23	1,13,17	8	..	1,13,25
Mayavaram Tranquebar	—6	21,34	—4	..	21,30
Madura Bodinayakanur	13	53,86	18	..	53,84
Vriddhachalam Cudda- lore	4	27,10	—43	..	26,67
Salem Attur Vridhdha- challam	—18	84,87	72	..	85,39
Pollachi Palghat . .	6,80	53,09	1,10	—4	54,15
Salem Mettur Dam .	8	12,94	—1	..	12,93
Agastiyampalli Point Calimere	..	..	..	3,35	3,35
Total .	7,00	7,98,05	1,59	3,45	8,03,09

APPENDIX III—*concl'd.*

(Figures in thousands of rupees.)

RAILWAYS.	Accounts, 1932-33.	To end of 1932-33.	Revised Estimate, 1933-34.	Budget Estimate, 1934-35.	To end of 1934-35.
LINES UNDER CONSTRUCTION—<i>concl'd.</i>					
State Railways managed by Companies or Indian States— <i>concl'd.</i>					
Total State Railways managed by Companies or Indian States	14,24	17,61,47	6,99	6,10	17,74,56
Total Lines under Construction	58,24	40,10,81	25,21	11,10	40,47,12
Total Open Lines and Constructions	16,27	7,96,64,46	14,48	3,96,36	9,00,75,30
Hardinge Bridge protection and training works	..	..	11,00	60,00	71,00
Earthquake damages	..	..	1,00	10,00	11,00
Refund of Capital advanced by Rohilkund and Kumaon Railway Company for State Works	3,73	3,73	3,73	3,74	11,20
For emergencies	..	..	..	5,00	5,00
Purchase of Branch Line shares, etc.	..	54,76	..	..	54,76
Emergency deductions from pay	-9,13	-11,23	-5,21	-7,10	-23,54
Total Capital Expenditure	10,87	7,97,11,72	25,00	4,68,00	8,02,04,72

APPEN

**Gross receipts, working expenses, and
Gross**

STATE RAILWAYS.	As		
	1924-25.	1925-26.	1926-27.
	M.	M.	M.
Open mileage at end of the year	27,002	27,107	27,726
State Railways managed by the state—	Rs.	Rs.	Rs.
Burma	4,29	4,93	4,61
Eastern Bengal	5,92	6,29	8,72
East Indian	20,61	19,72	19,66
Great Indian Peninsula	15,16	14,63	14,70
North Western—Commercial Lines	15,13	13,70	14,04
Strategic Lines	1,60	1,64	1,53
State Railways managed by Companies or Indian States—			
Assam Bengal	1,44	1,64	1,76
Bengal Nagpur	8,38	8,38	8,20
Bombay, Baroda and Central India	12,33	12,14	11,26
Madras and Southern Mahratta	7,91	8,14	8,12
South Indian	5,15	5,44	5,49
Other Railways	2,21	2,29	2,33
Total	1,00,13	98,94	98,42

DIX IV.

net receipts of State owned Railways.

Receipts.

(Figures in lakhs of rupees.)

COUNTS.

1927-28.	1928-29.	1929-30.	1930-31.	1931-32.	1932-33.	Revised Estimate, 1933-34.	Budget Estimate, 1934-35.
M.	M.	M.	M.	M.	M.	M.	M.
23,149	29,224	30,798	31,117	31,558	31,702	31,707	31,712
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
5,03	4,95	4,87	4,28	3,74	3,49	3,70	3,78
7,00	7,03	6,73	5,86	5,05	4,98	5,12	5,35
20,43	20,31	19,85	18,24	17,36	17,56	17,91	18,30
15,09	15,30	14,58	13,33	11,92	12,09	12,49	13,20
14,89	14,23	14,39	14,98	13,34	12,87	12,90	13,10
1,60	1,67	1,59	1,48	1,32	1,27	1,28	1,30
2,05	2,07	2,05	1,96	1,84	1,57	1,55	1,59
9,16	9,12	9,31	8,17	7,24	7,03	7,65	7,89
11,34	11,86	11,52	10,90	10,30	10,23	10,55	10,84
8,64	9,20	8,98	7,98	7,15	6,72	7,01	7,17
5,80	5,63	6,33	5,80	5,30	5,60	5,32	5,40
2,40	2,36	2,50	2,12	2,07	2,21	2,27	2,33
1,03,43	1,03,73	1,02,70	95,10	86,63	85,62	87,75	90,25

APPENDIX

Working

STATE RAILWAYS.	Ac		
	1924-25.	1925-26.	1926-27.
	Rs.	Rs.	Rs.
State Railways managed by the States—			
Burma	2,61	2,75	2,83
Eastern Bengal	4,19	4,59	4,40
East Indian	12,74	12,03	11,90
Great Indian Peninsula	9,41	10,51	10,33
North Western—Commercial Lines	9,26	8,88	9,49
Strategic Lines	1,96	1,80	1,87
Expenditure on writing off difference between book and market value of stores	—27	..	..
State Railways managed by Companies or Indian States—			
Assam Bengal	1,06	1,07	1,13
Bengal Nagpur	5,76	5,91	5,58
Bombay, Baroda and Central India	7,01	7,34	7,21
Madras and Southern Mahratta	4,35	4,61	4,77
South Indian	3,12	3,16	3,05
Other Railways	91	1,01	1,22
Credit from Depreciation Fund being net result of correction of certain past erroneous adjustments	..	..	..
Expenditure on writing off difference between book and market value of stores	—11	..	..
Annual instalment of repayment to the depreciation fund on account of ex- penditure on earthquake damages and Hardinge Bridge protection works	..	..	..
Total	62,00	63,66	63,78

IV—contd.

Expenses.

(Figures in lakhs of rupees.)

COUNTS.

1927-28.	1928-29.	1929-30.	1930-31.	1931-32.	1932-33.	Revised Estimate, 1933-34.	Budget Estimate, 1934-35.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
2,94	3,22	3,05	3,13	2,86	2,74	2,82	2,79
4,52	4,69	4,71	4,66	4,25	4,22	4,21	4,21
11,92	12,17	12,42	12,24	11,37	11,52	11,51	11,52
9,77	10,04	10,20	10,46	9,07	9,19	9,11	9,05
9,90	10,01	10,64	11,29	10,07	9,85	9,86	9,96
1,95	1,90	2,09	2,19	1,81	1,90	1,94	1,95
..	..	..	..	..	..	..	..
1,21	1,27	1,40	1,41	1,40	1,35	1,40	1,40
6,21	6,29	6,75	6,67	6,17	6,28	6,38	6,44
7,08	7,38	7,40	7,47	6,86	6,83	6,74	6,87
4,75	4,86	4,85	4,76	4,23	4,20	4,23	4,30
3,13	3,23	3,44	3,57	3,38	3,62	3,47	3,55
1,06	1,07	1,23	1,27	1,21	1,09	1,22	1,20
..	..	..	-1,66	9	6	..	..
..	..	..	..	..	..	..	..
..	..	..	..	..	..	15	15
64,44	66,22	68,18	67,46	62,77	62,85	63,04	63,39

APPEN

Net

STATE RAILWAYS.	Ao		
	1924-25.	1925-26.	1926-27.
	Rs.	Rs.	Rs.
State Railways managed by the State—			
Burma	1,68	2,18	1,78
Eastern Bengal	1,73	1,70	2,32
East Indian	7,87	7,69	7,76
Great Indian Peninsula	5,75	4,12	4,37
North Western—Commercial Lines	5,87	4,82	4,55
Strategic Lines	—36	—16	—34
Expenditure on writing off difference between book and market value of stores	27	..	..
State Railways managed by Companies or Indian States—			
Assam Bengal	38	57	63
Bengal Nagpur	2,62	2,47	2,62
Bombay, Baroda and Central India	5,32	4,80	4,05
Madras and Southern Mahratta	3,56	3,53	3,35
South Indian	2,03	2,28	2,44
Other Railways	1,30	1,28	1,11
Credit from Depreciation Fund being net result of correction of certain past erroneous adjustments	..	..	..
Expenditure on writing off difference between book and market value of stores	11	..	..
Annual instalment of repayment to the depreciation fund on account of expenditure on earthquake damages and Hardinge Bridge protection works	..	..	..
Total	38,13	35,28	34,64

DIX IV—concl'd.

Receipts.

(Figures in lakhs of rupees.)

COUNTS.						Revised Estimate, 1933-34.	Budget Estimate, 1934-35.
1927-28.	1928-29.	1929-30.	1930-31.	1931-32.	1932-33.		
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
2,09	1,73	1,82	1,15	88	75	88	99
2,48	2,34	2,02	1,20	80	76	91	1,14
8,51	8,14	7,43	6,00	5,99	6,04	6,40	6,78
5,32	5,26	4,38	2,87	2,85	2,90	3,38	4,15
4,99	4,22	3,75	3,69	3,27	3,02	3,04	3,14
—35	—32	—50	—71	—49	—63	—66	—65
..	..	..	..	..	..	..	..
84	80	65	55	44	22	15	19
2,95	2,83	2,56	1,50	1,07	75	1,27	1,45
4,26	4,48	4,12	3,43	3,44	3,40	3,81	3,97
3,89	4,34	4,13	3,22	2,92	2,52	2,78	2,87
2,67	2,40	2,89	2,23	1,92	1,98	1,85	1,85
1,34	1,29	1,27	85	86	1,12	1,05	1,13
..	..	..	1,66	—9	—6	..	..
..	..	..	..	..	..	..	..
..	..	..	..	..	..	—15	—15
88,99	37,51	34,52	27,64	23,86	22,77	24,71	26,86

APPENDIX

All Railways. (Commercial)

Statement of Receipts

RECEIPTS.	Actuals.					
	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	
	M.	M.	M.	M.	M.	
Open Mileage at end of the year.	27,092	27,107	27,726	28,149	29,224	
Passenger traffic earnings :—	Rs.	Rs.	Rs.	Rs.	Rs.	
Upper class . . .	4,42	4,48	4,46	4,55	4,45	
Third class . . .	31,58	32,17	30,91	31,81	30,89	
TOTAL PASSENGER EARNINGS	36,00	36,65	35,37	36,36	35,34	
Other coaching traffic earnings.	5,91	6,07	6,23	6,32	6,17	
Goods traffic earnings .	63,64	61,58	62,27	66,15	67,78	
Sundry earnings . . .	1,64	1,76	1,73	2,01	2,11	
Suspense	28	..	—6	—9	—25	
Credits for materials released from works chargeable to Depreciation Fund.	..	..	..	..	..	
TOTAL GROSS RECEIPTS .	1,07,47	1,06,06	1,05,54	1,10,75	1,11,15	
Deduct—	Refunds of revenue collected.	..	..	*35	14	15
	Earnings of worked lines.	7,34	7,12	6,77	7,18	7,27
TOTAL	1,00,13	98,94	98,42	1,03,43	1,03,73	
Miscellaneous Receipts .	51	89	1,09	1,25	1,57	
TOTAL	1,00,64	99,83	99,51	1,04,68	1,05,30	

*Includes remissions of earnings also.

V.

*and Strategic Lines together.)**and Expenditure.*

(Figures in lakhs of rupees.)

EXPENDITURE.	Actuals.				
	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.
	Rs.	Rs.	Rs.	Rs.	Rs.
Capital at charge at end of the year	6,54.98	6,74.18	7,01.39	7,33.87	7,39.12
Working Expenses—					
Administration	12.33	12.77	13.06	13.44	14.19
Repairs and maintenance	18.10	17.18	18.16	18.05	18.11
Operation :—					
Other than Fuel	15.54	16.44	16.27	16.24	17.16
Fuel	9.76	10.27	8.79	8.81	8.71
Depreciation	10.35	10.67	10.82	11.38	12.00
Suspense	—38	—10	—6	3	—32
TOTAL	65.70	67.23	67.11	67.95	69.85
Deduct—share of worked lines	3.70	3.57	3.33	3.53	3.63
Net working expenses	62.00	63.66	63.78	64.44	66.22
Company's share of surplus profits, etc.	1.42	1.77	1.65	1.57	1.59
Interest :—					
On Government capital at charge	21.23	23.14	24.30	25.75	27.83
On capital contributed by the Companies	2.67	1.67	1.57	1.52	1.50
Total Interest	23.90	24.81	25.87	27.27	29.33
Miscellaneous charges	16	31	71	55	35
TOTAL	87.48	90.55	92.01	93.83	97.49
Balance net profit for the year	13.16	9.28	7.50	10.85	7.81
Contribution to General Revenues	6.78	5.49	6.01	6.28	5.23
Railway Reserve Fund	6.38	3.79	1.49	4.57	2.58
Railway Depreciation Fund	2.0	1.4	1.1	1.5	1.1
Percentage of net profit on Capital at charge	5.6	5.1	4.8	5.2	5.0
Percentage of net profit (before deducting interest) on capital at charge	61.9	64.3	64.8	62.3	63.8
Operating ratio (i.e., ratio of working expenses including depreciation to gross traffic receipts)					
Capital Expenditure—					
Open Line Works	10.07	15.31	16.13	22.16	15.90
New Constructions	3.20	3.93	6.76	10.29	9.25
Depreciation Fund	7.29	7.98	8.05	10.95	9.60
Purchase of Railways and branch line shares, etc.	19	..	4.33	3	4.11

NOTE.—Figures of capital at charge of 1924-25 to 1927-28 include sterling liabilities involved in the purchase of Railways converted at 1s. 4d. to the rupee and those of 1928-29 include sterling liabilities converted at 1s. 6d. to the rupee.

APPENDIX
All Railways. (Commercial
Statement of Receipts

RECEIPTS.	Actuals.				Revised Estimate.
	1929-30.	1930-31.	1931-32.	1932-33.	1933-34.
	M.	M.	M.	M.	M.
Open mileage at end of the year.	30,798	31,117	31,558	31,702	31,707
Passenger traffic earnings—	Rs.	Rs.	Rs.	Rs.	Rs.
Upper class	4,26	3,87	3,44	3,25	3,06
3rd class	31,49	27,81	25,52	25,69	24,74
TOTAL PASSENGER EARNINGS .	35,75	31,68	28,96	28,94	27,80
Other coaching traffic earnings.	5,81	5,40	5,28	5,03	4,86
Goods traffic earnings . .	65,25	60,69	55,41	53,76	57,29
Sundry earnings	2,21	1,97	1,82	1,63	1,87
Suspense		46	34	4	..
Credits for materials released from works chargeable to Depreciation Fund.	..	..	..	1,19	1,25
TOTAL GROSS RECEIPTS .	1,09,32	1,00,20	91,81	90,59	92,87
Deduct—	Refunds of revenue collected.	15	11	11	12
	Earnings of worked lines.	6,47	4,99	5,07	5,00
TOTAL	1,02,70	95,10	86,63	85,62	87,75
Miscellaneous Receipts . .	2,08	1,73	1,20	1,03	94
TOTAL	1,04,78	96,83	87,83	86,65	88,69

V—contd.

and Strategic Lines together.)

and Expenditure.

(Figures in lakhs of rupees.)

EXPENDITURE.	Actuals.				Revised Estimate.
	1929-30.	1930-31.	1931-32.	1932-33.	1933-34.
	Rs.	Rs.	Rs.	Rs.	Rs.
Capital at charge at end of the year.	7,69,98	7,83,18	7,90,30	7,97,12	7,97,37
Working Expenses—					
Administration	14,40	14,89	14,66	12,58	12,33
Repairs and maintenance	18,43	15,91	14,21	15,98	16,17
Operation—					
Other than Fuel	17,05	17,60	16,21	17,60	17,50
— Fuel	9,01	8,62	7,39	7,27	7,00
Depreciation	12,59	13,07	13,46	13,77	13,60
Suspense	..	3	6	6	—8
Emergency deductions from pay	..	..	—59	—1,92	—93
TOTAL	71,48	70,12	65,40	65,34	65,54
Deduct—Share of worked lines	3,30	2,66	2,63	2,49	2,50
Net working expenses	68,18	67,46	62,77	62,85	63,04
Companies share of surplus profits.	1,52	1,16	64	65	56
Interest—					
On Government capital at charge.	29,09	31,34	31,76	31,57	31,11
On capital contributed by the Companies.	1,37	1,38	1,31	1,34	1,29
Total Interest	30,46	32,72	33,07	32,91	32,40
Miscellaneous charges	58	63	55	47	47
TOTAL	1,00,74	1,02,02	97,03	96,88	96,47
Balance net profit (+) or loss (—) for the year.	4,04	—5,19	—9,20	—10,23	—7,78
Contribution to General Revenues.	6,12	5,74	..	..	..
Railway Reserve Fund	—2,08	—10,93	—4,95	..	..
Railway Depreciation Fund	..	..	—4,25	—10,23	—7,78
Percentage of net profit on Capital at charge.	5	—0.7	—1.2	—1.3	—0.98
Percentage of net profit before deducting interest on capital at charge.	4.5	3.5	3.0	2.8	3.1
Operating ratio (i.e., ratio of Working Expenses including depreciation to Gross Traffic Receipts).	66.4	70.9	72.4	73.4	71.8
Capital Expenditure—					
Open Line Works	16,48	8,95	3,96	—50	..
New Constructions	6,65	4,25	2,80	57	25
Depreciation Fund	11,76	11,40	8,26	6,35	6,00
Purchase of Railways and branch line shares, etc.	7,06	1	..	..	..

NOTE.—Figures of capital at charge include sterling liabilities converted at 1s. 6d. to the rupee for 1930-31 and 1931-32 and for 1932-33 and 1933-34 at the rates prevailing in the years in which the liabilities were incurred on the purchase of Railways

APPENDIX

All Railways. (Commercial)

Statement of Receipts

RECEIPTS.	Actuals.	Revised Estimate.	Budget Estimate.
	1932-33.	1933-34.	1934-35.
	M.	M.	M.
Open mileage at end of the year	31,702	31,707	31,712
Passenger traffic earnings—	Rs.	Ls.	Rs.
Upper class.	3,25	3,06	3,13
3rd class	25,69	24,74	25,27
TOTAL PASSENGER EARNINGS	28,94	27,80	28,40
Other coaching traffic earnings	5,03	4,86	4,92
Goods traffic earnings	53,76	57,29	59,33
Sundry earnings	1,63	1,67	1,72
Suspense	4	..	..
Credits for materials released from works chargeable to Depreciation Fund.	1,19	1,25	1,25
TOTAL GROSS RECEIPTS	90,59	92,87	95,62
Refunds of revenue collected	—11	—12	—12
TOTAL	90,48	92,75	95,50
Miscellaneous Receipts	1,03	94	1,02
TOTAL	91,51	93,69	96,52

V—concl'd.

and Strategic Lines together.)

and Expenditure.

(Figures in lakhs of rupees.)

EXPENDITURE.	Actuals.	Revised Estimate.	Budget Estimate.
	1932-33.	1933-34.	1934-35.
	Rs.	Rs.	Rs.
Capital at charge at end of the year	7,97,12	7,97,37	8,02,05
Working expenses :—			
Maintenance of structural works	8,59	8,86	8,93
Maintenance and supply of Locomotive power	17,17	16,83	17,02
Maintenance of carriage and wagon stock	5,63	5,77	5,82
Maintenance of ferry, steamers and harbours	32	30	28
Expenses of Traffic Department	10,88	10,64	10,77
Expenses of General Departments	4,88	4,89	4,96
Miscellaneous Expenses	4,65	4,33	4,26
Electric service Department	1,17	1,18	1,21
Suspense	6	—8	..
Emergency deductions from pay	—1,92	—98	—1,00
Depreciation	13,77	13,60	13,65
TOTAL	65,20	65,39	65,90
Payments to worked lines	2,51	2,65	2,74
TOTAL	67,71	68,04	68,64
Companies share of surplus profits	65	56	56
Interest :—			
On Government Capital at charge.	31,71	31,11	30,81
On Capital contributed by Companies	1,34	1,29	1,24
TOTAL INTEREST	32,91	32,40	32,05
Miscellaneous charges	47	47	57
TOTAL	1,01,74	1,01,47	1,01,82
Balance net profit (+) or loss (—) for the year	—10,23	—7,78	—5,30
Contribution to General Revenues	..	..	..
Railway Reserve Fund	..	..	..
Railway Depreciation Fund	—10,23	—7,78	—5,30
Percentage of net profit on Capital at charge	—1.3	—0.98	—0.66
Percentage of net profit before deducting interest on capital at charge.	2.8	3.1	3.3
Operating ratio (i.e., ratio of Working Expenses including depreciation to Gross Traffic Receipts.)	72.1	70.5	69.0
Capital Expenditure—			
Open Line Works	—50	..	4,57
New Constructions	57	25	11
Depreciation Fund	6,35	6,00	8,67
Purchase of Railways and branch line shares, etc.	..	..	—

NOTE.—Figures of Capital at charge include sterling liabilities converted at the rates prevailing in the years in which the liabilities were incurred on the purchase of railways.

APPENDIX VI.

Railway Depreciation Reserve Fund.

(Figures in lakhs of rupees.)

Year.	Opening balance.	Appropriation to Fund.	Withdrawals to meet cost of renewals and replacements.	Net accretion to Fund during year.	Temporary withdrawals.	Closing .. balance.
1924-25 . .	..	10,35	7,29	3,06	..	3,06
1925-26 . .	3,06	10,67	7,99	2,68	..	5,74
1926-27 . .	5,74	10,89	8,05	2,84	..	8,58
1927-28 . .	8,58	11,38	10,95	43	..	9,01
1928-29 . .	9,01	12,00	9,60	2,40	..	11,41
1929-30 . .	11,41	12,59	11,76	83	..	12,24
1930-31 . .	12,24	13,07	11,39	1,68	..	13,92
1931-32 . .	13,92	13,46	8,26	5,20	4,25	14,87
1932-33 . .	14,87	13,77	6,35	7,42	10,23	12,06
1933-34 (Revised Estimate).	12,06	13,60	6,00	7,60	7,87	11,79
1934-35 (Budget Estimate).	11,79	13,65	8,67	4,98	5,33	11,44

PART II.
General Budget.

Speech by the Hon'ble Finance Member on introducing the Budget Proposals for 1934-35.

Once more a year has passed, and it falls to me to give an account of India's financial administration and to present proposals for the coming year.

2. This is the last occasion on which I shall do so and for this reason it seems appropriate to take stock of the course of financial affairs during the past few years and to present the proposals for the current year in relation to a somewhat wider background than usual. I propose to do this not merely because this year marks the last chapter in the story of a particular Finance Member, but also because I have certain proposals to make this year which can only be properly understood in this wider setting.

3. I need hardly take time in describing the painfully well known features of what has happened to the world since the end of 1929, when we entered into the severest period of economic disturbance and depression which our modern system has experienced, and during which all countries have been faced with almost insoluble difficulties and tasks of readjustment as regards their public finance. I will only deal briefly with a few salient facts. As a measure of India's difficulties, I may remind the House that whereas in the 10 years ending March 31, 1930, the value of India's exports and re-exports of merchandise averaged just under 326 crores, in 1930-31 that fell to just under 226 crores, in 1931-32 to about 160 crores, and in 1932-33 to 135½. Imports of merchandise though they did not fall quite in the same proportion as exports, owing to the well known fact that private gold exports gave India a supplementary purchasing power, nevertheless fell very steeply from an average of 242 crores for the ten years ending March 31, 1930 to 163 crores in 1930-31, 125 crores in 1931-32, and 132 crores in 1932-33. In view of the extent to which we rely on customs import duties for revenue, the effects of this enormous drop must be obvious. At the same time our other main source of tax revenue—income tax—was heavily cut into. I may give one simple index of this fall. Taking the head of income assessable as "profits", the annual profits of companies and registered firms in India which averaged over 53 crores in the eight years ending March 31, 1930, fell to under 29 crores in 1932-33. Simultaneously with this crumbling of the foundations of our tax revenue, there has been a heavy drop in non-tax revenue; and I would invite the attention of those interested in this matter to the analytical tables published at the beginning of the Finance Secretary's Memorandum. Non-tax revenue, which in 1923-24 was Rs. 30½ crores, had fallen in 1929-30 to Rs. 19½ crores and for 1934-35 is down to Rs. 5¼ crores. This has of course put a heavy strain on tax revenue. Lastly, we have had at the same time to face serious losses of customs import duties for reasons other than the economic depression, namely, as a result of the operation of protective policies, especially as regards cotton piece-goods and sugar.

4. The story of how these developments were reflected in India's public finances has been told from year to year in my budget speeches. At the outset

revenue was falling away too rapidly for us to keep pace with the situation, and in 1930-31 and 1931-32 we incurred deficits which were larger than the amount set aside each year for the reduction of debt. In the middle of the latter year, however, we took drastic emergency measures by way of retrenchment, cuts in pay, and taxation, the objective of which was that the position should be so restored by March 31, 1933 as not only to produce equilibrium for the future, but to create a soundly balanced position for the two years 1931-32 and 1932-33 combined. These steps, as I recorded in my budget speech last year, fully succeeded in their object, and I may briefly remind the House of the figures as now shown in the final accounts.

The actual result for 1932-33 is that after providing 6.84 lakhs for Reduction of Debt there was a surplus of 1.55 lakhs, so that without taking into account Reduction of Debt the excess of receipts over outgoings was 8.39 lakhs. As in 1931-32 the corresponding figure had been a deficiency of 4.86 lakhs, the net result is that over the two years combined we not only paid our way so far as budgetary income and expenditure is concerned, but in addition provided a sum of 3.53 lakhs for Reduction of Debt.

5. *Current year, 1933-34.*—How then are we faring in the current year? Our revised estimates show that, leaving out of account the Reduction of Debt provision, we shall have a surplus of 4.29 lakhs. In the budget estimates we had hoped for a surplus of 25 lakhs after providing 6.88 lakhs for Reduction of Debt, so that the net result is 2.84 lakhs less favourable than our estimates. This deterioration is accounted for by a drop of 5.04 lakhs on revenue, partly balanced by a saving of 2.20 lakhs on expenditure. The full figures are as follows :

	Budget, 1933-34.	Revised, 1933-34.
Total Revenue .	124.35	119.31
<i>Expenditure (exclusive of Reduction of Debt)</i>	117.22	115.02
Balance .	+7.13	+4.29
<i>Provision for Reduction of Debt</i> .	6.88	
Final balance . .	+25	

6. The explanation of the falling off of revenue is simple, and in some respects not so unsatisfactory as the figures themselves would appear to indicate. The chief differences which I need deal with in this general account are a deficiency on the estimates of 4.38 lakhs under Customs and 93 lakhs under Income Tax. As regards Customs, last year I made it quite clear that it was impossible in the entirely abnormal conditions then prevailing to find any reliable basis for forecasting customs receipts, and I therefore framed my estimates on the assumption that the conditions of the previous year as regards exports and imports of merchandise would be repeated, subject to allowance of a drop of about 1 crore in import duties to cover decreases in sugar import duty due to the growth of Indian production and in the cotton piece-goods duty where the figures for 1932-33 had to be regarded as abnormal. The results have proved that we did not allow enough for these changes. The effects of the development of the sugar industry in India have been felt more rapidly than we anticipated, and we now expect to be 1.10 lakhs short of our estimates on sugar while as regards cotton piece-goods and other textiles it is now clear that the receipts for 1932-33 were entirely abnormal, and we estimate that the duties on the whole range of textile

fabrics and yarn will be 2,67 lakhs less than the budget estimate and 3,63 lakhs less than the actuals for 1932-33.*

Apart from the shortfall under these two heads, which account for the greater part of the drop, there has been a slight falling off under a number of other heads.

There is some consolation to be drawn from these results. The falling off in imports of sugar and textiles at least means that Indian producers have had a greater share in the home market, while as regards the general falling off in imports this has been balanced by a substantial increase in exports and a satisfactory feature is that as a result of these changes India is moving back towards her normal favourable balance of trade in merchandise and is thus diminishing her reliance on gold exports in order to maintain an even keel. The position in this respect is interesting and significant. Last year in the 9 months to December, exports of merchandise (including re-exports) amounted to 99 crores and imports of merchandise to 102 crores, thus showing an adverse balance of 3 crores. For the same period this year exports have been 111 crores and imports 85 crores thus showing a favourable balance of 26 crores, and an increase in exports of 12 crores combined with a decline in imports of 17 crores.

7. Turning to the other decreases in revenue, I have mentioned income tax where we expect to fall short of our estimates by 93 lakhs, and all one can say about this is that it is unhappily an illustration of the depth of the general depression.

8. As to the other heads of revenue, I need not comment at length. Net receipts from Opium are up by 24 lakhs (gross 39) owing to exports of provision opium being larger than anticipated.

* The course of revenue receipts over the last few years under this important head is interesting as brought out in the following summary :

Summary of receipts from Customs import duties on textile fabrics and yarn.

(In lakhs of rupees.)

Number of article in Customs Revenue Statement.		1928-29.	1929-30.	1930-31.	1931-32.	1932-33.	Budget, 1933-34.	Revised, 1933-34.	Budget, 1934-35.
16	Artificial silk yarn and thread.	10	7	7	11	17	20	14	15
17	Cotton yarn and thread.	46	45	30	37	56	48	40	45
17A	Artificial silk piece-goods (other than tents).	...	...	...	...	...	90	70	70
18	Silk and artificial silk mixtures.	8	8	5	18	48	45	42	42
29	Yarn and textile fabrics not liable to preferential rates of duty.	1,75	1,59	99	1,11	1,38	95	75	1,00
32	Silk piece-goods and manufactures of silk and artificial silk not otherwise specified.	88	79	50	1,07	2,55	1,60	1,20	1,20
42-45	Cotton piece-goods .	6,04	5,84	3,73	3,71	6,53	6,10	4,40	4,25
	Total of all the above items.	9,31	8,82	5,64	6,55	11,64	10,68	8,01	8,17
53	Haberdashery and millinery.	...	...	...	...	...	25	15	15
	GRAND TOTAL .	...	...	...	...	...	10,93	8,16	8,32

Interest and Currency and Mint receipts are down by 23 lakhs and 51 lakhs respectively due to the lower rates of interest prevailing—the latter of course being balanced by a reduction in interest paid. As against this we have had a windfall under the head of Extraordinary Receipts of 33 lakhs due to the repayment of a pre-war debt by the Persian Government.

The position as regards revenue may be summarised as follows :

Summary of main differences between Revised Estimates, 1933-34 and Budget Estimates.

	+ Better, —Worse.	
		[In lakhs of rupees.]
	+	—
Customs	..	4,38
Taxes on Income	..	93
Salt	..	20
Opium receipts (gross)	39	..
Interest receipts	..	23
Currency and Mint receipts	..	51
Other heads	82	..
	1,21	6,25
	—5,04	

9. *Expenditure, 1933-34.*—As regards expenditure, I need not say much at this stage. The saving, over our budget estimates, of 2,20 lakhs is due mainly to two causes, first the receipt of 1,78 lakhs on account of the payments from His Majesty's Government towards the Defence budget following the Capitulation Tribunal award, and secondly the non-payment of 88 lakhs interest on war debt for which we had provided in the budget.

10. I shall have more to say on the significance of those various changes at a later stage. For the moment, before I come to my proposals for next year, I want to turn to a review of the effects of our policy during the past three years, that is to say, since the real crisis began.

As to the budgetary position, the figures which I have already given amount to this, that during these three years we shall have met all our current expenditure out of revenue and realised a total surplus balance of nearly Rs. 8 crores which had gone to swell our balances and reduce our debt (3,53 lakhs in 1931-32 and 1932-33 combined and 4,29 lakhs in 1933-34).

The figures may be conveniently summarised as follows :

	Rs. Crores.		1933-34
	1931-32.	1932-33.	(Revised Estimate.)
Revenue	121.64	126.40	119.31
Expenditure (exclusive of Debt Reduction provision)	126.50	118.01	115.02
Balance	—4.86	+8.39	+4.29

11. This soundness in our budgetary policy has enabled us to effect a striking improvement in our general position. When the crisis of September 1931 came upon us we were in a very vulnerable condition for two reasons, first, our external currency reserves were unduly low, and secondly, we had a dangerous load of floating and short term debt hanging over us. As to currency reserves, the gold and sterling securities (and I shall take gold at the old parity throughout this comparison) in the Paper Currency and Gold Standard Reserves amounted on September 21, 1931, to 57·82 crores against a note issue of 146 crores, or a proportion of 40 per cent. On March 31, 1934, we estimate that the position will be gold and sterling securities 106 crores, note issue 178 crores, percentage 60 per cent. There has thus been an increase in the value of our external reserves since the crisis began of 48·17 crores (leaving out of account the potential profit on gold which at present amounts to a hidden reserve of 27 crores).

12. Now let us consider the floating and short term debt position. At the end of September, 1931, our total debt maturing within five years was :

	Crores.
	Rs.
(i) Rupee Treasury Bills (with the public and in the Paper Currency Reserve)	80·78
(ii) Rupee Loans	165·77
(iii) Sterling Loans	90·00
Total Rs.	336·55

of which there was due to mature in 12 months

	Crores.
	Rs.
(i) above	80·78
out of (iii) above	20·00
Total Rs.	100·78

As compared with this the position on March 31, 1934, will be as follows :

	Crores.
	Rs.
(i) Rupee Treasury Bills (with the public and in the Paper Currency Reserve)	47·75
(ii) Rupee Loans	79·21
(iii) Sterling Loans	39·00
Total Rs.	165·96

of which there will be due to mature within twelve months :

(i) above	47·75
(ii) above	13·00
Total Rs.	60·75

The net result is that the near maturities will have been reduced by 170·59 crores, out of which immediate liabilities will have been reduced by 40 crores.

13. In order to complete the picture as regards debt and our capital position generally and to bring out the improvement which has been effected in the last three years, it is also necessary to consider the reduction of interest charges.

The position in this respect is complicated and it is difficult to give a simple comparison to show the effects of our recent conversion operations and the improvement of our credit, for there are various complicating factors to take into account. There is the actual direct saving of interest on conversion operations, the effects of which are not fully revealed in our own budget because our policy is to give a proportionate part of the benefit to the Railways, the Provincial Governments, etc., on whose behalf we have raised our loans.

Then of course there is a substantial saving due not to loan conversion operations in the strict sense, but to the cheaper rates for Treasury Bills which have been produced by our policy. As against this some of the very changes which have made our position stronger, the funding of floating debt and the increasing of Treasury balances and sterling currency reserves, actually cost us money in increased interest charges or loss of interest receipts, for naturally we have to pay higher rates on permanent loans than on Treasury Bills, while we cannot earn the same rate on balances held in London as we have to pay on Treasury Bills in India.

Again, as a factor which has offset some of the benefit gained, there is an automatic increase in the rates debitable to the budget on Post Office Cash Certificates next year to which I will refer again.

Lastly, I must mention that in comparing one year with another just now one must take into account the war debt payments. It so happens however that in the comparison which I am about to make between 1931-32 and 1934-35 the provision for war loan payments was almost exactly the same (56 lakhs in 1931-32 and 58 lakhs in 1934-35).

Subject to these remarks I can give the following figures, indicating the improvement effected since 1931-32 :

	Crores.
	Rs.
The net interest charges in the Central Budget in 1931-32 were	12·83
for 1934-35 we estimate them at	10·34
so that there is a direct saving of	2·49
In addition to this we have given a saving on interest to the Railways, as a result of our lower borrowing rates, of	1·36
to the Provinces of	·34
and to the Posts and Telegraphs Department of	·03
Total	4·22

The total saving, therefore, to the Central Government, the Railways, Posts and Telegraphs and Provinces is 4·22 lakhs. But in order to complete the comparison we must also take into account the cost of strengthening our

position by funding floating debt and holding larger balances. I estimate that if we reverted to the 1931 position as regards balances and amount of debt represented by Treasury Bills, we should now have to pay 99 lakhs per annum less than we are actually allowing for.

It is fair then to say that the results of our loan policy during the last three years represents a net improvement all round of about $5\frac{1}{2}$ crores per annum.

14. I have given the foregoing review of the position as regards the public debt, credit and currency reserves for a special reason, and I will mention this at once, for it is necessary to do so at this stage in my speech in order to explain how we propose to deal with the current year's accounts, and what is our plan for next year. We have come to the conclusion after weighing most carefully all the issues, that we have so strengthened our general financial position that in these times of special difficulty it is not necessary to strain the tax revenue in order to maintain our provision for Reduction and Avoidance of Debt at the full level fixed by the present convention. I would remind Honourable Members that this convention was settled in 1924 and laid down that in respect of all debt incurred up to March 31, 1923, a fixed sum of Rs. 4 crores should be set aside, and that on all debt incurred thereafter (other than debt for advances to the Provinces which make their own provision for repayment) a sum of $1\frac{1}{2}$ per cent. should be provided. This scheme has meant that the budgetary provision for reduction of debt has increased from 3.78 lakhs in 1924-25 to 6.89 lakhs in the current year. Now although the provision has automatically grown to this onerous degree since 1929 the actual debt position has become sounder and the net burden lighter. While gross figures of the Government's indebtedness have increased, the value of the productive assets held against that debt have increased by more than the same amount. On March 31, 1924, the total indebtedness of the Government of India was 919 crores, on March 31, 1934, the corresponding figure will be about 1,212 crores, an increase of 293 crores. But in the same period the interest-bearing assets of the Government will have increased by 314 crores, namely, from 664 to 978. And at the same time the net annual burden of interest has been substantially reduced. In the year 1924-25 the net charge to the budget for Interest on Debt (that is to say, interest paid less interest received) was just under 15 crores, while for next year the net charge will be less than $10\frac{1}{2}$ crores. It is necessary to explain these facts in order that the position may be fully appreciated. The burden of the debt reduction provision has become especially heavy in recent years for the following reasons. The main portion of our debt represents advances to the Railways. So long as the Railways were paying to the Government a general contribution over and above the interest due from them, that represented something which could be fairly set off against the debt reduction provision. But when the Government is receiving no contribution, and when at the same time the Railways are, through their depreciation fund, maintaining their capital assets at their full value, one must ask whether it is reasonable or even advantageous to make the attempt to raise tax revenue sufficient to meet the full provision.

15. It is impossible for me in a speech which has to cover so many matters to deal fully with all the considerations which are relevant to a discussion of these questions. The practical point which will interest the House is that we have come to the conclusion that it will be adequate if for the present we maintain our annual provision for the Reduction and Avoidance of Debt at 3 crores. I deliberately avoid any commitment as to what the permanent basis for the future should be, or for how long this proposed provisional arrangement should continue. There are a number of possible ways in which

the situation can be treated. For example, it might be provided that advances made to the Railways and Commercial Departments of the Government of India should always be made on terms which cover not only the interest charges which the Government of India itself has to incur, but also a proper provision for amortisation. That is the arrangement which we already have with loans to the Provincial Governments and to the Indian States. If that were done the present scheme for a Railway contribution might be taken into account as covering the amortisation of Railway debt. If the matter is looked at in this way and the amortisation of Railway debt is regarded as suspended until there is some recovery from the present abnormal depression, it will I think be generally recognised that a provision of 3 crores annually against the uncovered debt of the Government of India which amounts only to about 200 crores is a very substantial sum. We propose that the change which I have described should apply to the current year 1933-34 as well as to next year 1934-35. This means that after providing 3 crores for Debt Reduction, the accounts for 1933-34 will, on our present estimates, close with a surplus of Rs. 1,29 lakhs. This sum we propose to set aside as a special fund to cover relief measures in respect of earthquake damage as to which I shall have more to say later.

16. *Next year, 1934-35.*—I must now turn to the prospects for 1934-35. Estimation of revenue, and especially customs revenue, is again very difficult because entirely abnormal conditions still continue. As a preface to my estimates I must say a few words about the conditions affecting agriculture which of course represent the most important factor influencing India's financial position. I cannot deal with them at length, but I shall circulate with the budget papers, or shortly after, a note on the agricultural position and a review by the Director-General of Commercial Intelligence and Statistics on India's Foreign trade. These will, I hope, furnish a useful background to my account of the financial position. Speaking quite generally one may say that on the whole (with certain local exceptions owing either to excessive rain or recently to frost) agricultural conditions have been favourable and crop yields satisfactory. Recently there has come upon one part of India a special disaster, in the earthquake in Bihar, but although this has had local consequences of a terrible nature, it will not appreciably affect the economic position of India as a whole. In the agricultural season which is now current or just completed there have been marked increases in the production of India's main money crops—jute, cotton, oilseeds and sugarcane—and, so far as export crops are concerned, the increased quantities seem to be finding a market.

In all these respects therefore conditions have been such as warrant normal prosperity, and the only trouble has been the low level of prices. Here there is at least a sign of improvement in that the disparity between the prices of primary agricultural products and of manufactured goods has during 1933 got definitely smaller,* while since the beginning of 1934 there has been a tendency towards rising prices and improved demand, notably in cotton. One therefore feels justified on all this evidence in entertaining some expectation of slightly better times next year. In confirmation of this there is on the whole a more optimistic feeling in the main business centres than was the case last year, while the recent steady increase in the goods traffic receipts on the railways and the improvement in our export trade figures to which I have already referred are encouraging signs.

* Taking the Calcutta wholesale price index numbers, and comparing the figures for December 1933 with December 1932, there has been a rise of 5·8 per cent. in the index figure for *exported* articles and a drop of 2·6 per cent. for *imported* articles.

On the whole we feel justified in anticipating a very moderate recovery in certain heads of customs import duties over the revised figures for the current year, while we have also allowed for an improvement of 20 lakhs in the jute export duty. We have also to take into account that the immediate effect of the proposals contained in the Textile Tariff Bill introduced this session by my honourable colleague, Sir Joseph Bhore, will probably be an increase in receipts, and that a similar result will follow from his Tariff Bill introduced at the end of last session, the purpose of which was to alter a number of *ad valorem* to specific rates of duty.

17. On the other hand there are certain important items in regard to which special factors will be operative and will produce a loss of customs revenue.

Sugar.—The most important single item is sugar, in the case of which the very rapid development of local manufacture, to which I have already referred and to which I shall refer again, seems to be leading towards the early extermination of imports on a substantial scale. Indeed it is no exaggeration to say that the success of our protective policy for sugar is the main cause of our budgetary difficulties. In 1930-31 we raised over 10½ crores from sugar. Even in 1932-33 we got nearly 7 crores. In the current year we budgeted for 6,10 lakhs and we actually expect to receive no more than 5,00 lakhs, while for next year we cannot count on more than 2,05 lakhs. Indeed we should normally only have allowed for 1,80 lakhs next year (or an import of about 100,000 tons) but as a result of the earthquake in Bihar the operation of seven factories may be altogether stopped or seriously curtailed and on this account we have increased our estimate of imports. Even so this item accounts for a loss of 2,95 lakhs as compared with the revised estimates for 1933-34 and of 4,05 lakhs as compared with the budget estimate.

Land Customs.—Closely connected with this is the item of Land Customs which has hitherto mainly represented duty on sugar imports over the Viramgam line. In this case our revised estimate for 1933-34 at 1 crore is 30 lakhs higher than the budget, the increase being mainly due to the receipt of a large payment of arrears. For next year we are only budgeting for 35 lakhs owing to declining sugar imports so that under this head there is a loss of 65 lakhs as compared with the revised estimate for 1933-34.

Machinery.—Then we must be prepared for a substantial drop in the machinery import duty. We expect to get 1,32 lakhs from this in the current year, or 17 lakhs more than our budget estimate; but these high receipts are due to the exceptionally large imports of sugar machinery. We cannot count on their continuance and we have reduced next year's estimate to 1 crore which means a drop of 32 lakhs on the revised estimates of the current year.

Cigarettes.—Another item which I will select for special mention, because I have some proposals to make about it later, is manufactured tobacco. Here the operation of our duties as a result of recent changes and surcharges has given a protective stimulus to the local manufacture of a class of cigarette which was hitherto imported. We budgeted for 50 lakhs in the current year, but on our revised estimates expect to get only 28 and on this we have to allow for a further loss of 8 lakhs next year unless a change is made.

18. The special items which I have selected for mention account for a loss in import duties next year of 4,00 lakhs as compared with the revised estimates for the current year. On all the other customs items combined we are budgeting for a net increase of 1,75 lakhs, so that the net deterioration under customs as compared with the revised estimates for the current year is 2,25 lakhs.

19. The following is a summary of the changes in our estimates including those specially mentioned above :

	Budget, 1933-34.	Revised, 1933-34.	Budget, 1934-35.
Tobacco-manufactured	50	28	20
Cotton, raw	62	35	45
Silver	25	1	1
Artificial silk piece-goods	90	70	70
Machinery	1,15	1,32	1,00
Articles of food and drink	56	36	40
Yarn and textile fabrics not liable to preferential rates of duty	95	75	1,00
All other articles wholly or mainly manufactured not liable to preferential rates of duty	1,80	1,32	1,42
Miscellaneous	34	55	55
Silk piece-goods and manufactures of silk or artificial silk not otherwise specified	1,60	1,20	1,20
Iron and Steel	1,10	85	70
Sugar	6,10	5,00	2,05
Cotton piece-goods	6,10	4,40	4,25
Metals other than iron and steel	90	62	62
All other articles wholly or mainly manufactured liable to preferential rates of duty	2,35	2,08	2,20
Other articles	89	1,15	1,20
Export duty on Jute	3,00	3,60	3,80
Land Customs	70	1,00	35
Import and Excise duty on motor spirit	4,30	4,75	4,80
Do. kerosene	4,20	4,05	4,20
All other items	14,22	13,97	14,92
	52,53	48,31	46,02
Refunds	1,28	1,44	1,40
Net	51,25	46,87	44,62

OTHER HEADS OF REVENUE.

20. The changes in other heads of Revenue do not call for any detailed comment. We are allowing for a slight recovery of 12 lakhs in Taxes on Income to a total of 17½ crores, and we should have put this 25 lakhs higher if it had not been for the losses which must be anticipated from the earthquake. We are also allowing for an increase of 18 lakhs on salt and for a drop in the gross receipts from Opium of 64 lakhs. The declining revenue from the latter item owing to the policy adopted in 1925 has been another cause of budgetary difficulties. Altogether the total drop to be allowed for in Revenue as compared with the Revised estimates for the current year is 2,74 lakhs, which is more than accounted for by the loss on sugar.

EXPENDITURE.

21. So far as concerns expenditure, we are still searching for further economies, and have rigidly maintained our rule that no new item of expenditure shall be admitted unless it is absolutely obligatory or unless it is likely to be economically productive. We have also, as I have already announced, decided that the 5 per cent. cut in pay ought to be retained for another year. As a result there is a very satisfactory reduction of 2,12 lakhs in the Budget provision for next year as compared with the Budget for the current year, and of 2,90 lakhs as compared with the actuals for last year (1932-33) for, while expenditure on Civil Administration has been kept practically unchanged in spite of the normal increments in pay, there is a substantial saving on interest charges due to conversion schemes and the improvement in Government credit, while the military contribution from His Majesty's Government means a big reduction in the Army Budget.

The last mentioned reduction was effective in the current year also, and is therefore not reflected in a comparison between the Revised estimate for 1933-34 and the Budget estimate for 1934-35. The latter shows expenditure kept at almost exactly the same level as the present, but in appreciating the significance of this result it must be borne in mind that the Revised estimate for 1933-34 includes no provision for war debt interest, while we are providing 58 lakhs for this in the 1934-35 Budget. There are also other factors under the head of interest payments which unfavourably affect next year's Budget of which I must give fuller explanation. In the meanwhile the very satisfactory trend of reduction in expenditure over the past years is brought out in the following figures (which are as usual explained in greater detail in the Finance Secretary's memorandum):

Expenditure.	1930-31	1931-32	1932-33	1933-34	1933-34	1934-35
	Actual.	Actual.	Actual.	Budget.	Revised.	Budget.
Gross	1,30,03	1,26,50	1,18,00	1,17,22	1,15,02	1,15,10
Net	93,20	88,78	80,59	79,21	76,59	76,61

(i.e., taking net figures for Interest and Defence).

22. The following items call for special comment :

(a) *Civil Administration*.—Taking the main administrative heads of Civil Administration, Civil Works and 'Other direct demands' which last item covers the cost of the Tax collecting departments (other than Opium), there is a net decrease in expenditure as compared with the estimates of the current year of 3 lakhs in spite of the fact that the normal increments of pay account

for about 12 lakhs, and that certain special new items have had to be included, (amounting to about 7 lakhs), such as increased expenditure in connection with Civil Aviation (1½ lakhs), improvement of Broadcasting Service (1 lakh), additional grant to Imperial Council of Agricultural Research (1 lakh).

(b) *Defence (Net)*—

	Crores.
Budget, 1933-34	46·20
Revised, 1933-34.	44·42
Budget, 1934-35	44·38

The demand under the Defence head stands for next year at 44·38 crores. This is 4 lakhs less than the Revised estimates for the current year and 1,82 lakhs better than the Budget estimate. The latter big reduction is of course due to the payment now made by His Majesty's Government as a result of the finding of the Capitation Tribunal, to which I have already referred. The House is fully informed as to the facts in this case, and I need not add further explanations, but I wish to take this occasion to review the course of military expenditure during the period of my office as Finance Member. The salient fact is that the total demand has been reduced by no less than 10·72 crores, from 55·10 crores in 1929-30 to the present figure of 44·38 crores. This is a remarkable reduction and I venture to think that if I had prophesied its achievement in 1929, my prophecy would have been greeted either with incredulity or, among those who gave credence to it, with extreme satisfaction. In the debates at that time the great demand was always that we should get Defence expenditure down to the so-called Inchcape figure of 50 crores. Yet now we are nearly six crores below that.

In 1929 we were working under the plan which was known as a Contract Budget for the Defence Estimates. I may remind the Hon'ble Members of the circumstances in which that plan was started. In 1927-28 the Government of India had to face the fact that owing largely to the Inchcape retrenchments the equipment of the Defence Forces had fallen, and was continuing to fall, below modern standards, and that an outlay of 10 crores in the next few years was required to put matters right. On the other hand the financial situation was such that an increase of the Defence budget could not be contemplated. The remedy adopted was to stabilise the budget figure for four years at the existing level of 55·1 crores and to allow the Army authorities to retain and apply towards the re-equipment programme any savings which they could effect—either the automatic savings which were then in sight as a result of a decision of His Majesty's Government in 1925 to reduce the pay of British soldiers for new recruits, or savings from a special economy campaign which they then undertook to launch. They were in short to have a total allotment of 220·4 crores over four years and were expected to find 10 crores out of that for re-equipment. The deterioration in the financial position as a result of the economic depression which began at the end of 1929 soon however made it necessary to reduce the contract grant. The full amount was provided for two years only and then in 1930-31 it was reduced to 54·30 crores and in 1931-32 to 51·76 crores. On top of these reductions came the Retrenchment campaign and in the next two years the grant came down first to 46·74 crores and then to 46·20 crores. The net result is that in the four years destined for the original contract, the sum allotted fell short of the original plan by about 4 crores, while since then the grant has been reduced to the bare level

of standing charges. Nevertheless the greater part of the re-equipment programme has been accomplished with the result that the sum required to complete the programme now amounts only to just over 2 crores.

In addition to this I must mention that in each of the past four years substantial expenditure amounting in all to over 2 crores has had to be met on unforeseen military operations on the Frontier or in aid of the Civil Power. The most notable items are the Khajuri operations in 1930-31, the suppression of the Burma rebellion in 1931-32, the establishment of the additional garrison in Bengal in 1932-33 and the Mohmand-Bajaur operations in 1933-34. Such expenditure was of course not provided for in a budget framed to meet only standing charges and ordinarily it would have had to be met by supplementary grants from general revenues. It so happened, however, that in each of these years there were unforeseen savings, notably those due to the continued low level of prices, to balance this unforeseen expenditure, and with this help His Excellency the Commander-in-Chief was able to meet the whole of this expenditure without any supplementary grant.

I have said that the Defence budget for 1934-35 is no less than 10½ crores below the expenditure of 1928-29. Towards this result certain factors have contributed, which are, wholly or partially, outside the control of the military authorities in India. Thus in round figures, one crore of the reduction is due to the fall in prices, one crore to the effects of the 1925 revision of pay of British soldiers, two crores to the recent contribution by His Majesty's Government towards Indian Defence expenditure and half a crore to the general emergency pay cut. But after allowance has been made for these factors there remains to the credit of the military authorities a solid reduction of over 6 crores. This has been secured partly by the postponement of the re-equipment and building programme, partly by reduction of stocks of stores and partly by real permanent retrenchments and economies.

I take this opportunity of repeating once more my grateful appreciation of the manner in which His Excellency the Commander-in-Chief and all ranks of the Defence Forces have come to the aid of Government in meeting the financial emergency. While doing this it is also fair that I should make it clear that the position of the army authorities is that the budget figure of 44.38 crores cannot be regarded as representing as yet a new permanent level of Defence expenditure, but is an emergency budget which barely covers the obligatory charges of maintenance. They point out that if the general price level should rise, Defence expenditure will automatically rise as it has automatically fallen; that the restoration of the emergency pay cut, when it comes, will mean a further increase; that the curtailment of building and other programmes means the accumulation of commitments which cannot be postponed indefinitely; that current expenditure on stores must rise when retrenchment surpluses have been eaten down; and that during the next few years there will be inevitable extra expenditure on duplicate establishments in the earlier stages of Indianisation. Further possibilities of economies are still being urgently sought for, but the Army authorities have made it clear that such possibilities of savings as they now have in view will not go far to meet the possible increases to which I have referred. These are difficulties which must be appreciated. His Excellency the Commander-in-Chief has undertaken that he will not relax his search for economies, and I am confident that my successor will be able to count on receiving, as I have always done, the fullest possible support in meeting any situation that may arise.

(c) *Interest on Debt—**Summary of position—*

	Lakhs.
Interest on Ordinary Debt—	
Budget, 1933-34	1,16.06
Revised, 1933-34	—27
Budget, 1934-35	—98
Interest on Other Obligations—	
Budget, 1933-34	9,62.73
Revised, 1933-34	9,66.25
Budget, 1934-35	10,34.53

The next item on which I wish to say something is Interest on Debt. As Honourable Members who study our budget papers know, interest is divided into two separate heads—"Interest on Ordinary Debt" and "Interest on Other Obligations," the former covering our ordinary securities and Treasury bills, and the latter amounts held on account of Post Office Cash Certificates, Post Office Savings Bank accounts, Provident Fund balances, and balances held for the Provinces, and on account of Depreciation and Reserve Funds of the Commercial Departments.

Interest on Ordinary Debt.—It is a notable fact that the net figure for 1934-35 under Interest on Ordinary Debt is less than nothing—in fact a surplus balance of about 1 lakh. This is a reduction of 1.17 lakhs on the budget for 1933-34, though it is actually about the same as for the revised estimates. The comparison is complicated by the position as regards war debt payments. In the budget for 1933-34 we provided 88 lakhs against this liability, but as no payment was made this amount was saved, and, as I have already explained, is the main reason for the saving on the revised estimates. As regards 1934-35, His Majesty's Government has already agreed to the postponement of the instalment due in June 1934, but we have made provision for the second half year's instalment, and we have also assumed that the outstanding arrears, excluding the amount in suspense, will be capitalised and the total discharged by equated payments ending 1952 to cover principal and interest. On this basis we are making provision for 58 lakhs in the 1934-35 budget. Excluding these War Debt provisions the comparison between 1933-34 and 1934-35 works out as follows:

1933-34 Budget	28 lakhs.
1933-34 Revised	Nil.
1934-35 Budget	—59 lakhs (i.e., net surplus).

There is thus really an improvement of 87 lakhs on the budget for 1933-34 and of 59 lakhs on the Revised.

Interest on Other Obligations.—Under Interest on Other Obligations there is an increase in the budget provision for 1934-35 of 72 lakhs over the budget for 1933-34 and 68 lakhs over the Revised estimate. This is accounted for by an extra charge of 50 lakhs in respect of bonus on Post Office Cash Certificates, while the balance represents mainly interest on the increased amount of Post Office Savings Bank deposits.

The position as regards bonus on Post Office Cash certificates requires some explanation. I may remind the House that until 1930 the budgetary provision made had only covered the bonus paid out on the certificates actually encashed each year. This of course was totally inadequate to cover the accruing liability, especially as a substantial portion of the certificates

was being renewed on maturity and not encashed. As a result of this practice a heavy liability which ought to have been met out of the annual budgets had accrued and, as I said in my budget speech in 1930, represented an addition to the public debt. In spite of the budgetary stringency which had already made itself felt in 1930, we decided that the practice ought not to continue and we introduced a new practice of providing each year for the actually accruing liability. As a result a fund of 2,59 lakhs has been built up since 1930 against bonuses which have accrued and not been paid, though of course this does not cover the arrears which had accrued before 1930. The provision introduced in 1930 represents a recognition of the accruing liability, but, as according to the terms on which most of the series of certificates were issued, the rate of interest mounts rather steeply in the later years of the currency of the certificates, it may happen that when a particular series is approaching maturity the budgetary provision has to be increased irrespective of the amount of debt outstanding. This feature affects our provision for next year, for although the mean amount outstanding for next year is only put at 6½ crores above that for the current year, the provision for bonuses has had to be increased by 50 lakhs. We have recently revised the terms of issue for these certificates and provided for a lower rate of interest. The benefit of this will be felt some years hence, but in the next year or two the allowance for bonuses will represent an increasing percentage on the amounts outstanding. We have recently been considering a scheme for tackling the whole question and rearranging the position so as to guard against heavy liabilities in respect of the arrears accumulated before 1930 falling upon a particular budget in the future.

Another important item going to make up the total of the liability under the head of Interest on Other Obligations is interest on provident funds. Our present arrangement for fixing the rate of interest in this case is to take the average rate paid by Government on its loans raised during the preceding 5 years. The result is that for next year the rate payable is 5½ per cent, because it is still largely affected by the high borrowing rates of two or three years ago. The benefit of the lower rates now prevailing will be gradually felt from now onwards, so that there is a prospect here in future years of quite a substantial saving accruing to the budget.

In fact both under this head and under the head of Post Office Cash Certificates the benefit of the recent improvement in our credit will be deferred till future years. In the meanwhile, however, for the reasons explained, we have to face increases.

I might sum up the result by saying that as regards Interest charges, including both Interest on Ordinary Debt and Interest on Other Obligations, we have to provide next year 45 lakhs less than was allowed for in the budget of 1933-34, but 68 lakhs more than we are allowing in the revised estimates, and that as against the latter increase we are providing 58 lakhs more on War Debt and 50 lakhs more on Post Office Cash Certificates.

(d) *Pensions*.—The only other item of direct expenditure in regard to which I must mention a change in the budget as compared with the revised estimates is an increased charge of 11 lakhs on Pensions.

(e) *Commercial Departments*.—I need not refer specially to the Railway results for these have already been fully discussed by the House, and in present circumstances do not affect our budget; but as regards Posts and Telegraphs it is satisfactory to be able to record a substantial reduction in the

net loss, though this is due not to improvement in traffic but to the continued efforts on the part of those in charge to achieve economy in administration. In this case the revised estimates for the current year anticipate a reduction of the net deficiency of 5 lakhs and a further improvement of 38 lakhs next year.

23. *Summary of position.*—The complete figures for net expenditure may be summarised as follows :

Revenue.

	1 Budget, 1933-34.	2 Revised, 1933-34.	3 Budget, 1934-35.	Difference between 3 and 1 Better+ Worse—.	Difference between 3 and 2. Better+ Worse—.
1. Customs	51,25	46,87	44,62	—6,63	—2,25
2. Taxes on Income	18,06	17,13	17,25	—81	+12
3. Salt	8,75	8,55	8,73	—2	+18
4. Opium	1,20	1,59	95	—25	—64
5. Other principal heads	1,90	1,86	1,82	—8	—4
6. Interest	1,82	1,59	1,86	+4	+27
7. Civil Administration	83	78	78	—5	..
8. Currency	1,39	77	88	—51	+11
9. Mint	36	46	39	+3	—7
10. Civil Works	21	24	24	+3	..
11. Miscellaneous	57	68	56	—1	—12
12. Extraordinary	..	36	..	..	—36
Total Revenue	86,34	80,88	78,08	—8,26	—2,80

Expenditure.

	1 Budget, 1933-34.	2 Revised, 1933-34.	3 Budget, 1934-35.	Difference between 3 and 1 Better+ Worse—.	Difference between 3 and 2. Better+ Worse—.
1. Opium	57	71	42	+15	+29
2. Other direct demands	3,61	3,58	3,60	+1	—2
3. Irrigation (net)	5	4	6	—1	—2
4. Posts and Telegraphs (net)	61	56	18	+43	+38
5. Interest on ordinary debt: net	1,16	..	—1	+1,17	+1
6. Interest on other obligations	9,63	9,66	10,35	—72	—69
7. Civil Administration	9,59	9,58	9,59	..	—1
8. Currency and Mint	64	61	66	—2	—5
9. Civil Works	1,94	2,07	2,02	—8	+5
10. Miscellaneous	4,12	4,26	4,32	—20	—6
11. Defence (net)	46,20	44,42	44,38	+1,82	+4
12. Miscellaneous adjustments	1,00	1,00	1,01	—1	—1
13. Extraordinary	9	10	3	+6	+7
Total expenditure (excluding Provision for Reduction and Avoidance of Debt)	79,21	76,59	76,61	+2,60	—2
Reduction and Avoidance of Debt	6,88	3,00	3,00	+3,88	..
Total Expenditure	86,09	79,59	79,61	+6,48	—2
Total Revenue less Expenditure	+25	+1,29	—1,53	—1,78	—2,82

24. *Final Summary.*—Summing up the salient points I may state the position on the basis of which I have to frame proposals for next year as follows. We expect to close the current year, after providing 3 crores for Debt Redemption, with a surplus of 1,29 lakhs which we propose to transfer to a special fund for Earthquake relief measures. For next year, basing my comparison on the net figures of Revenue and Expenditure, our position will be 2,82 lakhs worse, that is to say, 2,80 lakhs worse as regards revenue, (which is more than accounted for by the falling off in sugar import duties, the other differences offsetting each other), and as regards expenditure 2 lakhs worse. In order therefore to provide an even balance for 1934-35 it is necessary to find means of improving the position to the extent of 1,53 lakhs.

Proposals for 1934-35.

25. The task before us however is not solely one of devising measures to find this sum. It is necessary also to review the working of the general emergency plan which was introduced in September 1931. That plan was strictly an emergency plan designed to restore equilibrium over a limited period, namely, up to March 31, 1933. For this limited purpose it proved quite remarkably successful, and the surcharges imposed did, over that limited period, produce something like the revenue which was expected. But the general plan was not intended as a permanent one, and in some respects it may be open to criticism if it is permanently retained. An obvious ground for general criticism is that there is no justification for maintaining surcharges on protective duties which have been carefully calculated to give the requisite measure of protection, while it is also possible that in the case of certain items the situation created by high surcharges on what was already a high level of revenue duties may be such as to produce diminishing returns or to have an undesirable protective effect in the case of articles not eligible for protection. On the occasion of the last budget, i.e., when we had to consider what we ought to do after the originally contemplated date of March 31, 1933, was reached, the view which I took was that it was legitimate to extend the emergency plan without alteration for another year in the hope that the signs of improvement which were then apparent would materialise into a general recovery assisted by the outcome of the World Economic Conference. That hope has not been fulfilled. The Conference failed to produce any result, except to reveal the difficulties of attaining any concerted international action, while the unprecedented experiment in the United States of America has thrown a new factor of uncertainty into the whole position as regards international trade and finance. Whatever the outcome of that may be, one can only base present plans on a continuance of a level of trade and prices such as unfortunately now exists, which means that our plan of taxation as a whole must continue at the present so-called emergency level. That being the case, it is necessary to go carefully over all the items and consider whether there are any special cases where the continuance of the Emergency surcharges for this extended period is having adverse effects, especially so far as revenue is concerned.

26. On grounds of principle the first obvious step would, as I have already indicated, be to remove the surcharges on the protective duties. As to these the position is as follows :—

(a) *Textiles.*—The position as regards the whole range of textiles is being dealt with in the bill introduced by my honourable colleague, the Commerce Member. It is a complicated position, and the changes which have been made during the past two years have made it extremely difficult to compare

results or estimates of revenue under the various heads which are affected. As, however, my honourable colleague will be able more appropriately to explain all the aspects of this matter when his Tariff Bill is before the House, I will not attempt to deal with it now.

(b) *Iron and Steel*.—In the case of iron and steel, as the Tariff Board is actually now engaged in examining this industry we have decided to leave the position unchanged pending the completion of their review.

(c) *Paper*.—As regards paper, the protective duty has been producing quite satisfactory revenue returns, and, purely on revenue grounds, I have not had to propose a change.

(d) *Sugar*.—I come now to a specially difficult case—the case of sugar. I have already had occasion to comment on the tremendous loss of revenue which has occurred under the head of sugar import duties. The import duty which in 1930-31 produced over 10 crores is reduced in our next budget estimates to little more than 2 crores, and as, according to the estimates of production of new factories by the Sugar Technologist, the total production of Indian factories in 1935 is likely to be equal to the present level of India's consumption of white sugar, we must be prepared for losses of revenue still further under this head. The House is well aware that at present there is a surcharge of Re. 1-13-0 per cwt. on the protective duty of Rs. 7-4-0. The surcharge, although its effect combined with the import duty on machinery which gave us a substantial revenue from sugar machinery, may have helped our budget during the period set for the emergency programme, that is to say, up to March 31, 1933, has led to a very rapid expansion of sugar factories in India. In my budget speech last year I referred to this matter and gave a clear warning to those engaged in the sugar industry that they could not count on a continuance of the existing abnormal level of protection. What has happened since then, has appeared to us to make it necessary to terminate the present situation. On the one hand it does not appear that in all cases the actual grower of sugarcane is getting the full advantage which he was intended to receive from our policy. On the other hand in many cases large profits are being made by sugar manufacturing companies, and the attraction of these profits is so great and factories are being set up so rapidly, that there is a real danger of over-production on a scale which may lead to very serious reactions both on the manufacturing industry and on the cane growers who rely on it. There are thus three main points involved.

First, the danger of continuing a stimulus which is in excess of what Government decided to be necessary as a measure of protection ;

Secondly, the need to ensure that the agricultural producer gets his full measure of benefit out of the policy of protection ; and

Thirdly, the replacement of the revenue losses which represents the cost to the general public of India of giving protection to a limited number of manufacturers.

After careful consideration of all these points we have decided to propose a dual policy ; on the one hand the imposition of an excise duty on factory produced sugar, and on the other hand the introduction of legislation by the Central Government which will enable the Provincial Governments to apply schemes for enforcing a minimum price for cane to be paid by the factory to the grower. As I have already stated, the present duty of Rs. 9-1-0 per cwt.

is Re. 1-13-0 above the basic duty of Rs. 7-4-0 recommended by the Tariff Board. In their report, however, the Tariff Board recommended that there should be power for Government to increase the measure of protection by 8 annas per cwt. when Java sugar was being imported at a price less than Rs. 4 per maund to Calcutta. We propose to assume that the conditions justifying this extra margin of protection are likely to continue in existence for the present, and therefore to leave a protective margin of Rs. 7-12-0 per cwt. and to impose an excise duty of Re. 1-5-0 per cwt. We assume that this will yield Rs. 1,47 lakhs, and out of this we propose to set aside an amount equivalent to 1 anna per cwt., representing about 7 lakhs, as a fund to be distributed among the Provinces where white sugar is produced for the purpose of assisting the organisation and operation of co-operative societies among the cane growers so as to help them in securing fair prices, or for other purposes directed to the same end.

It is only after very carefully weighing all the issues that we have decided to propose an excise duty, for we recognise that it may be criticised as likely to have an adverse effect on the cultivators of sugar cane throughout the country, and that, in the present conditions which are particularly difficult for the agricultural masses, is a result which we could not contemplate with equanimity.* We trust however that, as a result of the legislation which we propose to introduce, the immediate position of the cultivators will be protected, while taking a view of the more distant future we have been compelled to the conclusion that if the present conditions are allowed to continue there is a danger of over-production which might in the long run bring disaster to the interests of cultivators and manufacturers alike. We believe that the measure of protection which will remain is sufficient to allow all reasonably well organised factories a fair margin of profit after paying a fair price to the cultivator, and here again we feel that in the long run the industry will enjoy a more healthy life and growth if this change is made now than if the present excessive duty is allowed to continue. I may mention that we had arrived at our decision in this matter just before the occurrence of the earthquake in Bihar which, as is well known, has affected an important sugar growing area. We consider, however, that this does not afford adequate ground for altering our whole plan, though we shall be prepared to consider special measures for the assistance of this particular area. I shall be referring to this again in a later passage of my speech.

Lastly, from the point of view of the general tax-paying public of India, who are neither sugar manufacturers nor cane growers, we feel that it is fair that some steps should be taken to preserve revenue from this source. This case of sugar is an illustration of the great cost of protection to the country, and it is essential that the public should realise that if the development of local industries is to be obtained at this cost, then the public services of the country cannot be maintained unless other methods of indirect taxation to replace such loss of customs revenue are adopted.

Before leaving this subject I may inform the House that the proposal for a Sugar Excise duty is not included in the Finance Bill, but in a separate bill, which I shall introduce as soon as possible.

* It is important in this connection to appreciate that the sugar refining industry only absorbs a fraction of the sugar cane which is grown in India. Actually in 1932-33 it is estimated that out of a total of about 48½ million tons of cane produced in India only 4½ million tons was taken by factories producing refined sugar. Of the balance about 5½ million tons was taken by khandsari factories leaving 38½ million tons for other purposes.

27. *Surcharges on Revenue duties.*—Apart from the protective duties there is the question whether the surcharges on other items are having adverse effects, either in the sense that the high level of duty is discouraging consumption to an extent great enough to produce an actual loss of revenue, or in the sense that local manufactures which have not been adjudged to be suitable for protection are being stimulated at the cost of loss of import duty revenue.

(a) *Manufactured Tobacco.*—One notable instance of adverse effects is occurring as the result of the high level of duties on cigarettes. The cigarette made wholly or mainly of Indian leaf has always enjoyed the shelter of a somewhat heavy revenue duty on the imported commodity, and it is not to that class of cigarette that I now refer. My remarks relate to a very important trade that exists in this country in a type of cigarettes which, even when made in India, are made exclusively, or almost exclusively, from imported tobacco, and experience indicates that we have not adjusted properly the relation between the import duty on raw leaf and the import duty on the finished article. Under our present tariff, as modified by the two surcharges, the duty on cigarettes works out at something like double the duty on the tobacco used in making similar cigarettes in India; and the result has been to divert the manufacture of the great majority of the leading brands of cigarettes to factories in India belonging to the same interests as previously imported these brands from abroad. Such an industrial development has never made a claim—and I do not think it could make a good claim—that it satisfies the principles of discriminatory protection and should therefore receive abnormal encouragement from the tariff. We have now decided to fix the relation between the duty on cigarettes and the duty on raw tobacco on a more rational basis, and we have considerable hopes that, while not depriving the interests concerned of reasonable assistance, it will bring back the class of cigarette concerned into the field of open competition between the imported and locally made article, and result, without detriment to the interests of the consumer, in some increase of revenue from import duties. We propose to take for cigarettes a specific duty roughly corresponding to the identical amount that would have been paid on the quantity of leaf contained in the cigarettes and to add to this specific duty the normal revenue duty of 25 per cent *ad valorem*, thus leaving the local industry with no more than the benefit which is enjoyed by every non-protected industry engaged in the manufacture of goods which are subject to our present normal revenue duty of 25 per cent. The details are as follows.

At present what I may call the basic rate of duty on cigarettes is Rs. 10-10 per thousand, while there are smaller classes which are assessed at Rs. 15 and Rs. 8-8 per thousand, the division between these classes being dependent upon values. The present rate of duty on raw tobacco is Rs. 2 per lb. standard and Re. 1-8 preferential. (Imports entitled to the benefit of preferential duty are negligible). The revised rates that we propose are:

On raw tobacco: Rs. 2-6-0 per lb. standard and Re. 1-14-0 per lb. preferential.

On cigarettes: Rs. 5-15-0 per thousand *plus* 25 per cent. *ad valorem*.

A duty of Rs. 5-15-0 per thousand on cigarettes is the equivalent of Rs. 2-6-0 per lb. on raw tobacco, because the leaf content of the kinds of cigarettes with which we are mainly concerned is about 2½ lbs. per thousand cigarettes. One of the considerations that has weighed with us in selecting the new method of adding the specific and *ad valorem* duties together rather than fixing different rates of specific duty for goods of different value has been the serious inconvenience that has been caused, ever since the latter method

was adopted, by the fact that it blocked out entirely from the possibility of competition certain ranges of value, since an increase of one anna in value would bring an increase of duty of several rupees. The new rates may somewhat increase the duty on the most expensive brands, but this may be regarded as a luxury article which can stand the increase. For the greater part of the class which is assessed now at Rs. 10-10-0 per thousand, the duty will be reduced. The amount of this reduction will be equivalent roughly to the removal of the second surcharge. It is to this effect that we look to bring a revival of imports. Our calculation is that the combined effect of the slight increase in the duty on raw tobacco and a reduction in the duty on the finished article will be, after allowing for some decline in imports of raw leaf, to increase by about 30 lakhs the very reduced revenue which we must otherwise anticipate.

(b) *Silver*.—The next item which appears to us to call for special consideration is silver. The present basic duty both excise and import is 6 annas per ounce which, with the surcharge of 25 per cent., gives a total of 7½ annas per ounce. At present the imports of silver have for all practical purposes ceased, so that against our budget estimate for the current year of 25 lakhs we only expect to receive 1 lakh, and there is no reason, if the present duty continues, to anticipate more next year. The decline in the import of silver is of course primarily due to the lack of purchasing power in the country which has turned India into an exporter of gold instead of an importer to the extent of many crores per annum of gold and silver. Therefore in present conditions the existence of this high duty can hardly be regarded as having any appreciable effect on the normal trade, though it is probably encouraging some smuggling, and it is certainly attracting movements of silver through any gaps which exist in our land customs regime. Last year I mentioned that we were taking steps to deal with this on the Burma frontier, and further steps in respect of other places are now under consideration. While this is an undesirable condition we think that the time has come on general grounds to take account of the fact that if India's purchasing power for silver were to revive the existence of a duty at the present level would not only provide an increased incentive to smuggling, but would also act as a serious obstacle to legitimate trade. Moreover we must also take into account our general policy in this matter. The part which the Indian delegates played in bringing about the silver agreement at the World Economic Conference, which has already been ratified by the Indian Legislature, must be regarded as indicating our desire to co-operate with other countries and especially with the United States of America in measures designed to improve its price. Although we must reserve our liberty to impose a duty on silver for revenue purposes, we must on the other hand recognise that a duty which is so high as to operate as a serious impediment to trade may also be unprofitable from the revenue point of view. Therefore, both as a measure of co-operation with the United States of America and other countries interested in silver, and also for the purpose of improving the prospects of our own revenue, we think the time has come to make a reduction in the silver duties.

The only consideration which can weigh with us on the other side is the effect of any such reduction on local prices. There can be no doubt that the existence of our duty throughout the last few years has done something to protect the internal price of a commodity which is an important store of value to the poorest classes. We do not wish to disturb this position, but as the facts are to-day we think we can lower the duty without risk of doing so. Taking the prices of silver which have been ruling recently in London (about 19½d. to 20½d. per standard ounce), the prices in Bombay have been ruling round about Rs. 55 per 100 tolas as against 19½d. per ounce in London. On

the basis of a London price of 19½*d.* we calculate that the parity price in Bombay allowing for import duty and other charges, ought to be Rs. 61-11-9 per hundred tolas, so that it looks as if the Bombay prices have been keeping at a level at least Rs. 6-11-9 per 100 tolas below the full parity. The duty of 7½ annas per ounce is equivalent to Rs. 17-9-3 per 100 tolas. It appears therefore that we might reduce the duty by one-third, i.e., by 2½ annas per ounce without thereby necessarily affecting the Bombay price at all, for it would still be somewhat below the London parity.

On these considerations we propose to reduce the duty by 2½ annas to 5 annas per ounce. In order to avoid confusion in the market we propose to give immediate effect to this reduction by notification.

We think it fair to anticipate a small import of silver as a result of this reduction, bringing up the receipts from 1 lakh to 5 lakhs. This therefore means an increase of 4 lakhs on our estimates.

28. *Other items.*—A careful scrutiny of the surcharges on the remaining items in the Tariff Schedule has not revealed any other clear case for making a change on the ground that a reduction in the duties would mean an increase of revenue or indeed would not involve a definite risk of loss of revenue. As the need for revenue continues as urgent as ever we propose to leave the other surcharges unaltered. This however only covers the revenue side of the matter, and there are, as I have already indicated, other possible reactions from the continued existence of these high duties which we cannot ignore. We propose during the coming year to examine this situation carefully from all points of view. In the meanwhile I must make it clear that the fact that these surcharges will now be in force for a second year since the date fixed for the original emergency programme must not be taken to imply that they should be regarded as having become permanently embodied into our tariff system. This remark applies not only to those articles on which the surcharges remain in force by virtue of separate legislation superimposed on the basic tariff schedule, but also to some of those duties where the surcharge and basic duties have been consolidated in recently passed or pending legislation, such as the Act to give effect to the Ottawa preferences or the two Tariff measures which are being dealt with in this Session. An important case to which these considerations apply is the 25 per cent *ad valorem* duty on British cotton piece-goods as to which my Honourable Colleague the Commerce Member will explain the exact position when he proceeds with the textile Tariff Bill which is already before the House.

29. Honourable Members will recollect that last year in the course of the discussion of the Finance Bill there was some criticism made of the existing arrangement under which the actual rate of duty leviable could only be ascertained by reference to several different Acts; and we appreciated the justice of this criticism. However defensible the surcharge form may have been when there was ground to hope that the surcharges would soon be remitted, what I have already said implies an admission that such a justification has now disappeared, especially as the result of the various independent Tariff measures to which I have already referred has been to consolidate the charges in respect of a large number of items. We had hoped to be able to put through a consolidating measure at the beginning of this Session, so that by the time that the Finance Bill was presented, any proposals affecting the tariff would be intelligible without reference to more than one Act. Unfortunately, this has proved impossible not only because of the pressure of other legislative business but also because it would have created almost insuperable difficulties in draftsmanship if we had had a consolidating measure

before the Legislature simultaneously with two important Tariff Amendment Bills, which between them involved the amendment of no less than 31 items in the Tariff, besides adding 39 new items. We regret this result, and I can assure the House that it is our intention to introduce a consolidating measure at the earliest possible opportunity. I might perhaps add that so far as daily practice is concerned, Customs officers and the public are already in possession of a consolidated tariff compiled by the Director General of Commercial Intelligence and Statistics and sold for a few annas under the title "Indian Customs Tariff."

30. *Export duty on hides.*—I have dealt so far with the position as regards import duties, but I have also a proposal to make in the case of one of the export duties, namely, the abolition of the export duty on raw hides (not skins). We feel that in this case a portion of our export trade is possibly in real danger and that the removal of the export duty may help to avert this danger. Though the immediate loss of revenue from the duty is put at 5 lakhs, we take the view that its removal may help to encourage the export trade, and therefore to provide greater purchasing power for imports on which import duties at a higher rate will be collected, so that the indirect effects of this proposal may actually be an increase in revenue.

We consider that there is a very special case for the abolition of this particular duty. The export trade in raw hides is at present in a very depressed condition. Statistics of imports of raw hides into Hamburg show that whereas imports of hides from sources other than India have fallen off by 6 to 7 per cent. between 1931 and 1932, they are still above the 1912 level. On the other hand imports of Indian hides have fallen by over 30 per cent. between 1931 and 1932 and are now less than a quarter of what they were in pre-war days. The very significant decrease in Indian exports cannot therefore altogether be accounted for by a general decrease in world demand but must also represent to a considerable extent definite loss of trade in competition with other sources of supply. During the first half of 1933 there was some improvement in shipments to Germany, but the improvement has not been maintained and since September there has been a serious deterioration in the position even as compared with 1932-33. The duty has been retained hitherto as a purely revenue measure. But the revenue involved is now no more than a problematical 5 lakhs and we feel that there is little justification for its retention, even for revenue purposes, at a time when the export trade is in danger of extinction. What I have said applies only to raw hides; so far as the exports of skins is concerned these have shown an encouraging increase in the current year, and we do not feel that there is any strong case here for the removal of the duty.

31. *Postage and telegraph rates.*—There is one other case in which we think the time has come to make a tentative experiment in reducing charges in the hope of improving the economic position. I refer to Postage and Telegraph charges. I have already mentioned how the financial position of the Posts and Telegraphs Department is, as a result of strenuous efforts, moving towards equilibrium, with the result that the deficiency, after meeting full charges for interest on capital next year is to be reduced to under 14½ lakhs. But this improvement is the result of economy in administration and we cannot view with equanimity the general decline in the volume of business. In the case of telegraph charges in particular it seems clear that with the growing competition provided by telephone and air mail facilities the telegraph business may be permanently damaged unless something is done to cheapen the facilities offered. Similar considerations, though not so clearly, apply to Postage rates. Government have therefore decided to test out the

possibility of improving the financial prospects of the Department without impairing the revenue position by a reorganisation of the rates so as to make them more attractive to the users of the Department's services and to exploit the turn in the economic tide.

The changes proposed are as follows :

I. *Postal*.—(a) In the postal tariff we propose to lower the initial weight of inland letters from $2\frac{1}{2}$ tolas to $\frac{1}{2}$ a tola coupled with a reduction in the charge from $1\frac{1}{4}$ anna to one anna. (Applause.) For heavier letters the charges will continue to be $1\frac{1}{4}$ anna for letters not exceeding $2\frac{1}{2}$ tolas, with additional $1\frac{1}{4}$ anna for successive weights of $2\frac{1}{2}$ tolas or fractions. This change introduces a lighter unit of weight and will undoubtedly benefit the poor citizens and the business community. Allowing for a recovery of 10 per cent in traffic we estimate that in the first year this reduction will involve a loss in revenue of 27 lakhs, but we have good reasons to hope that in the second year this loss will practically disappear, and that thereafter there will be a gradually increasing net gain.

(b) As a second change in postal charges we propose the remission of the extra pie per five pice embossed envelope which was imposed in 1931 to recover the cost of manufacturing the envelope. This is more of the nature of an administrative reform considered necessary on general grounds than a regrading of the rate, but it is again a reform which will benefit the ordinary citizen. We estimate a loss of revenue of two and a half lakhs from this change.

(c) Thirdly, as regards Postal rates, we propose a small change in a contrary direction, namely, that the initial charge on inland book packets not exceeding 5 tolas in weight should be raised from 6 to 9 pies. The book packet method of transmission is undoubtedly being abused, and a change is urgently necessary to stop the diversion, with consequent loss of revenue, that is occurring of post card traffic to the book packet category. We estimate a gain of a little over 5 lakhs in revenue from this change.

II. *Telegrams*.—The last change which we propose is as regards Telegrams. Instead of having, as at present, a minimum charge for ordinary telegrams of 12 annas with a surcharge of one anna for a message of 12 words, we propose to introduce a minimum charge for a telegram of 8 words of 9 annas, (Applause) while that for an express telegram of the same length will be one rupee and two annas. For each additional word in the two classes of telegrams the additional charge will be one and two annas respectively. We estimate a loss during the first year of 3 lakhs from this change, but here also, as in the case of the postal rates, we hope that in the second year this loss will disappear, while without making this change we consider that there is a prospect of a continuous decline in telegraph receipts.

These proposals will thus involve a total net loss of about 27·50 lakhs in the first year. In present circumstances we should not have felt justified in proposing changes involving an immediate loss of revenue except for reasons which I shall now explain. In the first place, we believe that traffic both in letters and telegrams will increase in consequence, and that due to the existence of a considerable amount of idle capacity both of equipment and personnel, the increase in traffic can be handled without appreciable increase in expenditure. Secondly, we have in view, as I have already explained in an earlier passage, the definite possibility of further economies which, even if the anticipated improvement in traffic after the first year does not materialise, ought to be sufficient to offset the loss of revenue. Lastly, we think it justifiable to adopt an expedient which will obviate any loss from these changes being debited to the Budget next year. Since the

organisation of the accounts on commercial lines, the annual allocation for depreciation has been very much higher than the amount annually spent on renewals so that the balance to the credit of the depreciation fund has been mounting rapidly. We propose to review this provision next year and pending this review, having regard to the large balance in the fund we consider it justifiable during 1934-35 to reduce the contribution to the Depreciation Fund from 36·06 lakhs required under existing rules to 8·72 lakhs being the amount required for actual renewal and reconstruction of assets. This will save 27·34 which is about equal to the net amount required for the reorganisation of the rates.

This reduction of the depreciation contribution is avowedly a temporary expedient that cannot be repeated. Consequently, the reorganisation of the rates must also be regarded, truly and literally, as an experiment designed to test out the responsiveness of traffic to rates. If traffic does not respond sufficiently or if economies sufficient to bridge the gap between revenue and expenditure cannot be found, both Government and this House will have definitely to face the necessity for increasing the rates to such an extent as may be necessary.

It is regretted that Government cannot contemplate making a similar experiment in the matter of the inland postcard rate. The loss involved in reducing it to half an anna is estimated at 56 lakhs after making due allowance for increase in traffic, and there are no economies in sight which could be expected to cover a loss of this magnitude in the near future. If the experiment now being launched in the matter of the letter and telegram rates does not belie expectations, and if the anticipated economies become available, then the reduction of the post-card rate will no doubt receive the consideration that its importance deserves. The re-organisation of the letter rate should in any case hasten the day when such action can be contemplated because it will enable the department to absorb the dead weight of idle capacity which is directly or indirectly responsible for the loss.

32. *Summary of Taxation Proposals in the preceding paragraphs.*—The proposals which I have mentioned, namely, Sugar Excise net revenue 1,40 lakhs, Tobacco duties 30 lakhs, Silver 4 lakhs, less the loss of 5 lakhs on the abolition of the export duty on raw hides, should produce a net improvement in revenue of 1,69 lakhs, which will cover the deficiency of 1,53 lakhs and leave us with a small surplus of 16 lakhs.

This would complete my plan so far as the Central budget is concerned, but I have one other important proposal to put forward which can be independently considered.

33. *Proposal for Financial Assistance to Bengal, etc.*—While our own financial position has been maintained in the sound manner which I have described, we have to recognise that the financial position in India is not merely a question of the Central Government budget, but that Provincial finances also closely concern us. Not only does the Central Government at present act as the banker to the Provinces, holding their balances and providing funds to meet their capital expenditure and deficits, but we have also in these days to consider our policy with some regard to the various proposals for Federal finance which are such an important part of the constitutional plan. I am not suggesting that we can in any way anticipate the new constitutional proposals, the form of which is still subject to consideration by the British Parliament, nor that we can attempt to take upon our shoulders the responsibility for dealing with the problems of Provincial Governments. There is however one case which has stood out in all the enquiries and proposals as requiring some special

action, and that is the case of Bengal. The need for some special help to Bengal has been recognised in the White Paper, and the Government of India is also prepared to accept a similar conclusion. At the same time if any action is to be taken, it is right that something should be done without delay, because Bengal has been since 1930 incurring deficits at the rate of about 2 crores per annum, and its debt on this account is piling up to figures which may become really unmanageable. If we are prepared to take account of this, and ask the Central Legislature to support us in raising funds to help Bengal, we can also fairly claim to be satisfied that the Bengal Government and Legislature are doing all that is possible to help themselves. Everything which I have to propose is subject to this condition.

34. After these preliminary remarks I will come straight to the plan which we have to put forward. We propose to ask the Legislature to sanction the imposition of an excise duty on Matches and then, if we can strengthen our resources in this way, to approve our handing over half the jute export duty to the jute-producing provinces, which of course means chiefly Bengal (Cheers), but will also include to a smaller extent Bihar and Orissa and Assam.

35. Honourable Members will at once appreciate how a proposal of this kind fits in with the general outlook on the position described in my introductory remarks. Let me make one or two points to illustrate this. In the first place it appears to us quite clear that, whatever the form of the new Constitution may be, India in the future will need to take advantage of all possible sources of indirect taxation. An excise duty on matches is and has always been recognised as an obvious expedient. It would therefore be in every way advantageous to have this measure in operation as far as possible in advance of the new constitution.

In the second place the proposal to hand over at least half the jute export duty to Bengal and to other jute producing Provinces is included in the White Paper plan and this affords us some basis for our present proposal, although I must again make it quite clear that the whole of these proposals must be regarded as purely of a provisional nature to deal with the immediate situation and as in no way creating a permanent arrangement which could be regarded as anticipating the final decision of Parliament in this matter.

36. I must now explain more precisely the exact nature and effect of these proposals. In the first place, according to our estimates, half the export duty on jute next year will amount to 1,90 lakhs. After allowing for a small sum of 1 lakh to cover cost of collection, the balance of 1,89 lakhs if divided in proportion to the average rate of production over the past 5 years would give about 1,67 lakhs to Bengal, about 12½ lakhs to Bihar and Orissa, and about 9½ lakhs to Assam. As far as the match excise is concerned we propose to impose this at the rate of Rs. 2-4-0 per gross of boxes on matches made in British India. The collection of the tax is in the first instance to be in the hands of Local Governments working as agents for the Government of India, but the separate bill which I shall introduce on this subject has been so drafted as to render it possible to make other arrangements at a later stage if experience shows this to be desirable.

37. In imposing this duty at the present stage there are two complications of which we have to take account. In the first place it is essential to make arrangements with the Indian States, as the manufacture of matches can be easily shifted, and it would be impossible to work it effectively unless the working of the scheme applied to India as a whole. The great majority of the States in India have signified their willingness to enter into an agreement under which every State in which matches are made, or in which

they may in future be made will recover a corresponding tax, paying the proceeds into a common pool along with the proceeds of the British-Indian tax; and the amounts of this pool will be divided on an estimated consumption basis between British India and all the States that have entered into this agreement. The bill will include power to prohibit imports and this power is to be used against matches produced in any State that does not come into the agreement. It will of course be open to every State to come into the agreement even if it has no manufacture of matches at present and in that case it will get a share of the duty on a population basis. This proposed agreement with the States is merely intended to cover a provisional period pending the introduction of Federation. We cannot prejudice the position of retaining an excise duty on matches as a Federal tax, and we must safeguard the Indian Government of the future against any arrangement made now being held to weaken the position that the Federal Government under the new constitution will retain the whole of the proceeds of the match excise.

The second complication to which I have referred is that with the consent of the Government of India the Government of Burma had already two or three years ago imposed a consumption duty at the rate of 12 annas per gross of boxes on matches manufactured in, or imported into, Burma. This duty cannot be allowed to continue side by side with the proposed excise duty, and the Burma Government Act imposing the consumption duty is to be repealed. We do not, however, think it fair that the Burma Government should thus be deprived of the proceeds of a tax which they had been allowed to levy, and as the estimated proceeds from the tax at present amount to 18 lakhs per annum, we propose as a part of our general plan that this sum should be returned to the Burma Government. We estimate that in a full year the total proceeds of this excise duty for the whole of India will be 3 crores. Out of this on the population basis about 70 lakhs will be distributable among the States, leaving 2,30 lakhs for British India. It will not however be possible to introduce the scheme so as to recover more than 11 months revenue during the first year, so that the net revenue for British India according to our budget estimates for next year will be only about 2,10 lakhs. After deducting 18 lakhs for Burma this leaves a balance of 1,92 lakhs which is only 3 lakhs more than 1,89 lakhs to be distributed on account of half the jute export duty. If this 3 lakhs is retained by the Central Government the surplus of 16 lakhs to which I referred in an earlier passage will be increased to 19 lakhs.

38. There are just two practical features in our proposals that I wish to mention. The customs duties on matches are to be revised so as to comprise rates maintaining the existing measure of protection for the Indian industry over and above the new excise duty. The proposal for imposing this match excise duty is not included in the Finance Bill, but in a separate bill which I shall introduce at the earliest opportunity. The bill will provide for no concession in favour of the so-called "cottage industry", which really means nothing more than the dipping in chemical mixtures of splints made in factories and the pasting of paper wrappers and of strips carrying other chemical mixtures on boxes made from veneers made in factories. Any such concession would make evasion of the duty and an artificial attack on the position of regular match factories materially easy; and we are justified in allowing this consideration to prevail by the fact that the Tariff Board, in paragraph 134 of their Report regarding the grant of protection to the Match Industry definitely advised against any special measures which would have the effect of encouraging match making as a "cottage industry" because it was not suitable for such operations both on economic grounds and because of the dangerously inflammable nature of the materials used.

The case is different with the sugar excise, where we have to consider an important long established industry outside power-factories, and where the risk of evasion is in any case less because the proposed rate, relatively to value, is much less onerous than that proposed for matches. With sugar again the danger of an unnatural transfer of production to the States is also much less. On both these points, we propose, with the sugar excise, to do what we could not do with matches and to follow the precedent of the cotton excise; that is to say, the sugar duty will be confined to factory produce, and States which produce sugar in factories will merely be invited to impose an equal duty, for their own benefit, on production in their own territories.

39. I must add a few words as to the significance in relation to Bengal of the proposal to render it possible to surrender part of the jute export duty. I have already stated that it is necessary to stipulate, and indeed we feel sure that we shall be supported in this view by the Legislature and particularly by those members who represent other Provinces, that if this special assistance, out of what are under the present constitution Central funds, is to be given, it is fair that we should satisfy ourselves that the Government of Bengal is taking every possible measure on its own account to restore financial equilibrium. On the other hand the present proposal is, as I have already stated in several connections, only intended as a provisional proposal. It is not intended to be a permanent commitment, nor do we intend to take the line that it is to be regarded as a full and final settlement of the Bengal Government's financial position. Further enquiries will have to be made before any such settlement could be reached, nor can it be reached until the constitutional plan is determined by the British Parliament. There are several difficult points involved, amongst which I must mention the treatment of the debt which has already accrued against Bengal as a result of budget deficits which have been incurred since 1930. This debt on their present estimates would at the end of the next financial year amount to something approaching 7 crores. As regards the other Provinces which will receive assistance, the position in their respect is just as provisional as in respect of Bengal. I may say however that we in the Government of India are prepared to recognise that there may be some special claim for assistance in the case of Assam, while as regards Bihar and Orissa, at least in present circumstances, I do not think that any Member of this House will grudge them this small windfall.

40. *Plan for dealing with Earthquake damage.*—This brings me to the last important item in our financial proposals for this year—our plan for helping to finance the measures rendered necessary by the recent earthquake. I have already mentioned one feature in this plan, namely that we propose to transfer our estimated surplus of 1,29 lakhs in the current year (or whatever the final amount of that surplus may be) to a special fund which will be utilised in assisting the Provinces, chiefly of course Bihar, which have suffered from the recent earthquake.

41. The problem of reconstruction with which the Government of Bihar and Orissa is confronted can conveniently be treated under four main heads.

(a) *Reconstruction of Provincial Government buildings, etc.*—There is first the reconstruction of Government property, chiefly buildings, though there has been some damage to canals. On such rough estimates as it has yet been possible to prepare, the cost of repairing this damage may be put at about 1 crore. Our proposal is that the Government of India should, as capital expenditure on its own account, provide half the cost of reconstructing

and repairing their damaged property, and should make a loan to the Provincial Government of the remaining half through the Provincial Loans Fund.

(b) *Financial help to local Authorities.*—Secondly, there is the very extensive damage to the property of local bodies in Bihar, their roads and bridges, their schools, hospitals and dispensaries and so on, including the damage to what are known as aided schools, established through the benevolence of private individuals. A very rough estimate of the cost of repairing the damage is a rather over one crore. The resources at the disposal of these local bodies are entirely inadequate to cope with a disaster of this magnitude. Such help as they may be able to render will necessarily be very restricted. It would not be possible to assist them by means of loans requiring repayment, even if interest charges were made very low or remitted altogether, without crippling their activities for the future. In short, as they have lost for the time being the main sources of their income, it will be necessary to place them in funds with which to carry out their normal responsibilities until their income has recovered. For all these purposes we propose to make a free grant from central resources, that is to say, from the special fund already mentioned which is to be formed out of this year's surplus. It may not be possible to undertake and complete all the necessary rebuilding before the end of 1934-35 since it may not be until after the next monsoon that accurate knowledge will be available of the extent to which the drainage of the country has altered and foundations for buildings and bridges are secure. We are therefore providing in next year's estimates for expenditure of only 75 lakhs on this account, but I can assure the House that if it is found that more than this can be advantageously spent we shall have no hesitation in providing the additional sum required.

(c) *Assistance to private individuals.*—Thirdly, there is the question of assisting private individuals to rebuild their houses and shops. To many of the poorest sufferers from the earthquake their small dwellings and shops must have been their sole asset; they have no cash which they can use, or credit which they can pledge, for restoring them, and it would be useless in most cases to proffer them assistance by means of loans on however favourable terms. It seems to us that this part of the problem must primarily be dealt with by means of free grants, and that these grants are eminently an object on which the Viceroy's and other Relief Funds should be expended, so far as they are not needed for immediate relief. The field is a very wide one but I am confident that the public, both here and in Great Britain, will respond most generously now that they know the magnitude of the need.

There is, however, another very wide class who, though they have not lost their all through the earthquake and would not be fit or even willing recipients of charity, are urgently in need of assistance to rebuild their house property, and to whom this assistance can most suitably be afforded by means of loans. We have been very actively discussing with the Government of Bihar and Orissa the plan for the grant of such loans and I had hoped to be in a position today to announce at any rate the main outlines of the scheme, but there are still some points to be settled. If it is in any way possible, I will give further information to the House at a later stage of our budget discussions. At the moment all I can say is that we have every intention of making available to the Provincial Government, on terms that will not be onerous to them, or to those who are ultimately to receive the advances, whatever sum may be found to be needed for this purpose. I will not at present venture to give an estimate of what that sum may be.

(d) *Agricultural problems.*—Fourthly, there is the agricultural problem. It is known that there has been damage to agricultural land over wide areas in the north of Bihar due to the deposit of sand. The extent and severity of this damage, what measures can be taken to rectify it, and what the cost of those measures will be, cannot be known until a fairly detailed survey of the affected area has been made, and at present the flooded condition of a great part of the area makes such a survey difficult, though the Provincial Government have already taken steps to initiate it. I cannot therefore at the moment say in exactly what form our assistance will be given. All I can say is that we consider that the balance held by the Provincial Government in their Famine Relief Fund can be properly regarded as available for this purpose, and beyond that we propose to assure the Provincial Government of our financial support in any further action that may subsequently be decided upon.

42. I have dealt so far with the problems of permanent reconstruction. The principal necessities for immediate relief have been and are being met, energetically by the Provincial Government out of money which has been made available from the Viceroy's and other relief funds; but there is one way in which we propose to contribute towards immediate relief from central revenues. Seven of the sugar factories in North Bihar have been destroyed and two more have been very seriously damaged, with the result that cane growers in this area have been deprived of a market for about fifteen million maunds of cane. It is hoped to make arrangements for transferring the bulk of this cane with the necessary expedition to factories in the south of Bihar or the east of the United Provinces, and the Railways concerned are prepared to carry it at very low concessionary rates of freight. But some portion at any rate of the cane cannot be dealt with in this way, and the Provincial Government are therefore providing country mills and other equipment in order to convert it into gur. We have informed them that we are prepared to bear the whole cost of this measure from central revenues; it will probably not exceed 5 lakhs.

43. I may sum up our proposals and their effect on our financial estimates as follows. We are undertaking to bear the whole cost of restoring the property and finances of the local bodies, which we put for the present at something over a crore, and the whole cost of the special measures for dealing with the cane crop, which we put at about five lakhs. We propose to meet this expenditure from the special fund to which this year's surplus, now estimated at 1,29 lakhs, will be transferred; and we expect to spend 75 lakhs from this fund up to the end of 1934-35. We are also undertaking to bear half the cost of restoring the Provincial Government's own buildings and other public works; this, on present estimates, we expect to cost us about fifty lakhs, which we mean to provide from funds raised on loan, and have allowed for in next year's ways and means estimates.

In addition we are undertaking the liability for the cost of any measures of assistance to agriculturists that may be decided upon, to the extent that it cannot be met from the Provincial Government's Famine Relief Fund, and we are undertaking to advance whatever capital may be required for financing rebuilding advances to those persons whose position does not warrant assistance in the form of charitable grants, on terms which will lay no undue burden on the persons concerned or on the Provincial Government. I cannot as yet indicate what the final cost, if any, of these loan measures will be to Central revenues, or how we shall propose to meet it. For the present, so far as the ways and means position is concerned, we are assuming in our estimates a capital outlay of two and three quarter crores on loan measures.

and on the capital grant for restoration of the Provincial Government's property next year ; so that with the 75 lakhs provided from the special fund, our estimates include three and a half crores for relief in one way or another in Bihar. If more is needed before the end of 1934-35, it will be provided. We trust that these proposals will be regarded not only as adequate, but generous. The fact that we can make them without serious embarrassment is an illustration of the value of maintaining a sound financial policy.

44. *Ways and Means.*—As indicated in an earlier passage of my speech we have succeeded in maintaining throughout the year the improvement in our credit both in England and in India, with the result that we have again been able to fund a much larger amount of our loan commitments than what I indicated in my budget speech last year. We have also been able to remit more than we anticipated, thereby further strengthening our currency reserves.

45. I will deal first with the latter. Honourable Members will realise that there is always a difficulty in presenting in the budget speech an accurate forecast of the total remittances, not only because it has to be based on estimates worked out some weeks earlier, but also because the budget is introduced at a time of the year when seasonal activities in remittance are at their height and transactions may be running into millions a week. The difficulty has been increased in the current year by the developments in the last few weeks in the currency policy of the United States of America. One side of that policy has been still further to increase the dollar price of gold. This has been followed by a similar increase in its sterling price, with the result that gold exports have again been stimulated from India. Simultaneously, there has been in the last month some rise in the price of our export commodities, the price of cotton in particular having risen materially in Bombay, and this has further strengthened exchange. Thus though our estimates are based on the assumption that in the current year we will be able to purchase £37·46 millions, that figure may be materially exceeded. We have also assumed that no expansion or contraction of currency will be required during the current year. On these assumptions we will be able to continue the process hitherto followed this year of utilising the whole of the surplus of our remittances to England in strengthening our external currency reserves. The actual process has been the addition of sterling securities to the Gold Standard Reserve which has enabled us to transfer gold from that to the Paper Currency Reserve and against that cancel *ad hoc* securities. On these estimates we should be able in the current year to replace rupee securities with external assets in the Paper Currency Reserve to the extent of 17·73 lakhs, which means that we should close the year with our note issue covered by external assets to the extent of about 60 per cent. if gold is taken at its statutory value, or of 75 per cent. if it is valued at its present market price.

46. *Loans.*—In my last budget speech I estimated that we could effect a further reduction of 8 crores in our outstanding of treasury bills ; that on the assumption that we converted 30 crores of our outstanding loans, we would only require to borrow 4 crores in India ; and that in order to repay the £7 million loan we should require to raise only £6 millions or 8 crores in London. I pointed out, however, that these figures were merely illustrative, and that our policy must, as always, be regulated by the necessity of seizing every opportunity of consolidating and improving our credit position. In fact we have been able very considerably to improve upon the estimate. As I have already stated, we expect by the end of the year to have replaced 17·73 lakhs of treasury bills in the Paper Currency Reserve by sterling securities. On the

other hand our increased sterling remittance, which naturally meant that we had to raise rupees to pay for it, has resulted in our increasing instead of decreasing the amount of treasury bills held by the public in India. Instead of a reduction of 8 crores we contemplate an increase of 3,91 lakhs to 30 crores. We consider this a reasonable amount, which, so far from being embarrassing, is rather a convenience both to us and to the market—to us because we are able to borrow in this way at a very much cheaper rate than on funded loans, and to the market because they have now made the Government treasury bill a part of their financial machinery. The market has come to rely upon this as a convenient method for the investment of short-term money, and a floating stock of about 30 crores is by no means excessive for its requirements at a time like this.

47. The revenue benefit to Government from maintaining a reasonable volume of treasury bills is not merely due to the lower interest rate but also to the fact that this makes it possible to economise materially in our cash balances, by enabling us to avoid seasonal fluctuations which are inevitable if we have to depend entirely on our revenue receipts or on regular loans floated periodically for large amounts. In pursuance of this policy we have supplemented treasury bills by borrowing of ways and means advances from the Imperial Bank throughout the year. In accordance with our usual practice, which is to use these ways and means advances merely to assist the money market by avoiding too rapid fluctuations in our treasury bills issues, we are budgeting for the entire extinction of the ways and means advances outstanding at the close of the year.

48. *Discharge of permanent debt.*—The details of the permanent debt discharged in India and in England during the current year are given below :

INDIA (in lakhs of rupees).

4 per cent. 1916-17	9,86
4½ per cent. 1934	12,98
5 per cent. Bonds 1933	4,22
5 per cent. War Loan 1929-47	4,02
6 per cent. Bonds 1933-36	8,89
Other loans	2,57
	42,54

ENGLAND (millions of pound sterling).

6 per cent. 1933-35	2·62
6 per cent. 1933-34	9·96
Other loans	1·58
	14·16

In India we discharged 42,54 lakhs including the balance of the 5 per cent. 1929-47 loan and approximately 10 crores of the 4 per cent. conversion loan 1916-17. In England we paid off the balance of the 6 per cent. Bonds 1933-35 and also paid off in their entirety the 10 millions 6 per cent. Bonds 1933-34. As against these repayments we floated one loan in India and two in England. The loan floated in India was the 3½ per cent. 1947-50 which brought us in 30,82 lakhs, while in England we floated two loans—the 4 per

cent. stock 1948-53 for 11·7 millions and 3½ per cent. stock 1954-59 for £10 millions—of the latter we realised 6·85 millions during the current year and we will receive the balance of 2·85 in the year for which we are budgeting.

49. Our general programme has again been helped by exceptionally large receipts from Post Office Cash Certificates and Savings Bank deposits. Though we reduced the rate of interest on the latter from 3 to 2½ per cent. in the summer, and though we effected a further reduction in the rate on the former, the amount which we received in this way came to 16,90 lakhs as against the budget estimate of 8,40. The recent figures of receipts less withdrawals under these two heads are remarkable.

(In crores of rupees.)

Year.	Total.	P. O. Cash Certificates.	P. O. Savings Bank deposits.
1928-29	3·42	1·60	1·82
1929-30	5·34	2·70	2·64
1930-31	3·33	3·43	—·10
1931-32	7·32	6·15	1·17
1932-33	16·26	11·06	5·20
1933-34	16·90	7·80	9·10

They indicate that a large amount of funds is available for investment, possibly partly the proceeds of private gold realisations.

In another part of my speech I have invited attention to certain problems connected with the increase in the outstandings under the head of Post Office Cash Certificates.

50. *Capital Expenditure, Railways.*—Railway capital outlay for the current year is again less than the budget, amounting to 45 lakhs as compared with the budget estimate of 3,30 lakhs. The net effect on the ways and means position of the Railways is 2,55 lakhs more favourable. 7,78 lakhs had to be withdrawn from the Depreciation Fund balance to make up full interest charges, 6 crores for ordinary expenditure on renewals and 9 lakhs for loans to branch line companies, and as the credits to the Fund were 13,60 the net result in 1933-34 was a reduction of 27 lakhs, as against an addition of 3 lakhs anticipated in the budget, leaving a balance at the end of the year 11,79 lakhs as against 12,06 on the 1st April 1933.

51. *Provincial drawings.*—Provincial drawings for the current year were slightly less than those estimated in the budget, i.e., 4 crores as against 4·37. To a certain extent this is due to the reduction in the rates of interest charged to provincial Governments on their borrowings from the Provincial Loans Fund made possible by our successful conversion operations. Unfortunately, though the position in the provinces as a whole was better than anticipated, others, particularly Bengal, afford particular problems which I have dealt with elsewhere.

52. *Next Year, 1934-35.*—I am dealing, in a later passage of my speech, more generally with our policy of capital expenditure and the possibility of its extension. For the purposes of our estimates, however, we have proceeded on the same lines as last year, though a less rigid policy is being followed by the Railways. We are budgeting for 4,68 lakhs as Railway capital

outlay. We are also allowing 6.25 to the provinces as compared with 4 crores during the current year. 2.75 lakhs of this will represent our estimate for the capital funds required in the course of next year for expenditure on the restoration of earthquake damages.

53. *Borrowing programme, 1934-35.*—With this low capital programme we are obviously in a very strong position. We have already dealt with all the loans the maturity dates of which afford us an opportunity of converting them. The only securities actually maturing for repayment next year are the 4½ per cent. Bonds of which 12.98 lakhs have already been converted during the current year, leaving a balance of 13.00. In England there is nothing. If we allow for receipts of 11.50 lakhs from the Post Office Cash Certificates and Savings Bank deposits as against 16.90 during the current year, this will mean that after taking into account the 2.85 million balance of the 3½ per cent. sterling loan which has still to be paid up, we will not require to float any regular loan either in India or in England. I must, however, in this connection make the usual reservation. These figures merely indicate our obligatory position. We have two large loans which we have the option to repay in London in 1935 and 1936 amounting to £29 millions or nearly 40 crores. We have also the 4 per cent. loan 1934-37 in India amounting to 19.54 lakhs, the 5 per cent. 1935 Bonds amounting to 11.43 and the 6½ per cent. Treasury Bonds also payable in that year amounting to slightly over 16 crores which it may be possible to convert if conditions are favourable. In addition, even though we have now reached a very strong position as regards our sterling reserves, we must neglect no opportunity of further fortifying them if conditions are favourable. This may entail the further replacement of rupee Treasury bills in the Paper Currency Reserve by sterling securities and a corresponding increase in our borrowings from the public.

As regards Treasury Bills held by the public, we consider that no reduction in their outstanding below 30 crores should be budgeted for next year for the reasons which I have already indicated. In present circumstances we consider this a convenient and reasonable figure.

54. *Home charges.*—In the early part of the year exchange was very steady, enabling us to effect substantial remittances. In the third quarter of October to December there was a falling off owing partly to the seasonal demand for money being later than usual, and partly to a temporary falling off in the exports of gold coinciding with speculation on the occasion of the discussion of the currency clauses in the Reserve Bank Bill. The passing of that Bill through the Assembly, however, coupled with the increase in the price of gold and of cotton to which I have already alluded, has changed the aspect in the last month, and we are now buying sterling on a large scale. As already explained, we have, for budgetary purposes, shown a figure of £37.46 millions of which we had already received up to February 20th over £36 millions as against our budget estimate for the whole year of £21 millions. We have, as I said, devoted the balance to a further strengthening of our currency reserves. In addition, we received 3.81 millions from the sale of silver. For next year we estimate that we will have to purchase 26.7 millions to fit in with the programme indicated above.

55. The position which I have thus explained is summarised in the following table, but if the actual figure of sterling purchases is higher than the present estimate the excess will, unless it is used to expand currency, be shown in the accounts as an increase in the outstanding of treasury bills held by the public in India with a corresponding reduction of the outstanding of treasury bills in the Paper Currency Reserve.

Ways and Means Statement.

(In lakhs of rupees.)

	Budget, 1933-34.			Revised, 1933-34.			Budget, 1934-35.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	1	2	3	4	5	6	7	8	9
Opening Balance .	11,73	17,85	29,58	14,59	13,19	27,78	13,44	7,10	20,54
Excess of Revenue over Expenditure.	35,82	-35,57	25	32,56	-32,56	..	32,96	-32,77	19
New Loan .	12,00	8,00	20,00	30,82	24,73	55,55	..	3,80	3,80
Post Office Cash Certificate (Net).	5,00	..	5,00	7,80	..	7,80	5,50	..	5,50
Post Office Savings Bank Deposits (Net).	3,40	..	3,40	9,10	..	9,10	6,00	..	6,00
Other Unfunded Debt (Net).	4,80	16	4,96	5,40	15	5,55	5,99	17	6,16
Discount Sinking Fund.	75	..	75	-1,13	..	-1,13	89	..	89
Reduction or Avoidance of Debt.	6,88	..	6,88	3,00	..	3,00	3,00	..	3,00
Railway Depreciation Fund.	3	..	3	-27	..	-27	-35	..	-35
Posts and Telegraphs Depreciation Fund.	39	..	39	36	..	36	..	..	..
Defence Reserve Fund.	-62	..	-62	9	..	9	-50	..	-50
Cash Balance Investment Account.	..	..	..	46	..	46	..	..	..
Cash Certificate Bonus Fund.	1,35	..	1,35	70	..	70	1,10	..	1,10
Other Deposits and Advances (Net).	-48	-1	-49	-1,27	81	-46	1,31	-3	1,28
TOTAL .	69,32	-27,42	41,90	87,62	-6,87	80,75	55,90	-28,83	27,07
GRAND TOTAL .	81,05	-9,57	71,48	1,02,21	6,32	1,08,53	69,34	-21,73	47,61
Capital Outlay—									
Railways .	2,00	1,30	3,30	-75	1,20	45	2,96	1,72	4,68
Posts and Telegraphs.	16	..	16	16	..	16	40	..	40
Civil .	46	1	47	53	1	54	83	1	84
Commutation of Pensions.	61	..	61	85	..	85	49	..	49
Gratuities to retrenched personnel.	-1	..	-1	3	..	8	-3	..	-3
Discharge of Permanent Debt.	28,95	8,14	37,09	42,54	18,88	61,42	18,24	3,00	16,24
Discharge of Treasury Bills—									
Public (Net) .	8,00	..	8,00	-3,91	..	-3,91	..	..	..
P. C. R. (Net) .	..	..	..	17,73	..	17,73	..	..	..
Sinking Fund Investment Account.	..	..	..	-1,45	..	-1,45	..	..	..
Gain or loss on sale, etc., of assets of the Paper Currency Reserve.	..	..	..	7,59	..	7,59	5	..	5
Loans to public (Net).	-19	..	-19	28	..	28	1,49	..	1,49
Sale of silver (Remittance Account).	50	-50	..	5,08	-5,08	..	..	..	..
Iraq drawing .	80	-80	..	76	-76	..	73	-73	..
Home Remittances .	28,00	-28,00	..	50,00	-50,00	..	35,60	-35,60	..
Transfers through the Gold Standard Reserve and the Paper Currency Reserve.	-50	50	..	-31,75	31,75	..	..	..	..
Provincial requirements.	1,15	3,22	4,37	78	3,22	4,00	3,09	3,16	6,25
TOTAL .	69,93	-16,13	53,80	88,77	-78	87,99	58,35	-28,44	30,41
Closing Balance .	11,12	6,56	17,68	13,44	7,10	20,54	10,49	6,71	17,20
GRAND TOTAL .	81,05	-9,57	71,48	1,02,21	6,32	1,08,53	69,34	-21,73	47,61

Economic prospects.

56. My speech has been mainly concerned—as a Budget speech must be—with the public finances of India, and the measures which I have described or proposed have been concerned with the object of maintaining public finances in a sound condition.

57. But in order to form a proper judgment on the public financial policy of a particular country it is necessary to cast one's vision wider, and to take account not only of the relations between that country and the rest of the world, but also of the reactions of its financial policy on the general well-being of its people. We must, in short, recognise on the one hand that financial policy is only a means to an end—the general prosperity of the country—and on the other hand that no country can today shape its destiny independently of the rest of the world. The former consideration is very present in the minds of our critics; the latter often tends to be forgotten. I wish to say something on both.

58. It has been a charge frequently made in this Assembly against the Government of India—and I have little doubt that it will be a charge repeated in the present Budget debates—that we have thought too much of theoretical financial principles, and too little of the conditions of the country; or again that when other governments have set themselves to constructive economic planning, we have drifted and done nothing. I should be the first to admit that there is room for honest difference of opinion on these matters, and the only aspect of such charges which I should resent is that we have been drifting in the matter. Whatever we have done has been done as a matter of deliberate policy decided after much thought. If one looks round the world to-day, it is quite clear that among the various countries there are different schools of thought. The recent crisis has created such irrational reactions that old theories of financial principles are being in many places questioned. It is an interesting study to analyse the budgetary policies of various countries and the effects which these have had. Thus one finds certain countries that are deliberately incurring heavy budget deficits either as an inflationary measure designed to create employment or because they do not feel that the economic condition of the country can stand further taxation. There are other countries which consciously incurred deficits during the first years of the crisis, in accordance with what one may describe as a 'fat and lean years' principle, but which now, after having experienced the adverse influence of continuing deficits on Government credit, are making strong efforts to restore a balanced budget. Lastly there are the countries which have never departed from their observance of the old fashioned principles of sound finance. This has been generally characteristic of the countries comprised within the British Empire, and among them India has been a notable example.

59. Now there are two observations which I have to make on this comparison. The first is that whatever the difference in policy between various countries, increases of taxation and drastic retrenchment, including cuts in Government officials' pay, have been practically universal features; so that in no country is the picture a rosy one. My second observation is much more important. Whereas those countries which have preserved a balanced position know where they are and have faced their troubles as they have arisen, those that are piling up deficits and public debt are evading their difficulties and postponing them till the future. They are

relieving the taxpayers of to-day in the hope that the taxpayers of to-morrow will be able to bear the burden, for one thing is certain that the burden has ultimately to be borne in some form or other by the people of the country. Even if a Government repudiates its liabilities the people of the country have to bear the burden, and in that case it is those who have trusted the government and lent it money and not the general body of taxpayers that must pay. Now it is obviously impossible for me at the close of a long Budget speech to attempt a full examination of all the issues that are involved in this subject. I will only state that we firmly believe that the best policy for India has been to preserve the traditions of sound finance and that by doing so we are helping to create the safest conditions in which her traders and manufacturers can do their business. We believe that it is better to face economic troubles when they come and that revenue and expenditure should be adjusted to meet the need rather than that the need should be hidden and disguised. We believe that that is the best course for the present and still more with a view to the future. And in this latter respect I would remind the House that we who are carrying on the Government of India to-day, have a special responsibility, for we expect to be succeeded in the near future by an Indian Government under the new Constitution. It would have been a poor service to India on our part to shirk our troubles and leave their accumulated weight to handicap the first years of the new Government.

60. I believe that the country as a whole supports us in our adherence to these principles and certainly the attitude of this Assembly in the past 3 years—which I gratefully acknowledge—encourages us in this belief. But to any who may entertain doubts in the matter I recommend a careful study of what is happening in other countries. We are often advised, for example, to look to Japan as a model, and indeed we recognise that we have much to learn from that remarkable nation. But I wonder if there is a single member of this House who would wish us to follow their financial policy. According to recent press telegrams in order to make up the deficit on the current year, it has been decided to raise 881 million yen by loans. That means the equivalent of nearly 120 crores of rupees at par, and even at the present rate of exchange about 70 crores. Last year they had a deficit covered by loans of over 1,000 million yen. Would India like to face accretions to her public debt on this scale?

61. But assuming that we have public support in this respect, there is the further charge that we have done nothing in the way of a constructive economic plan to offset the effects of the present depression. As to this, before discussing the possibilities of an economic plan, let me repeat once more that we believe that the maintenance of a sound position as regards public finance and currency is the contribution which a Government ought primarily to make towards economic recovery, for, unless the country is prepared to support the Government in a complete control of economic activities in supersession of private enterprise, its primary duty is to create conditions in which private enterprise can operate with security. We hope by our own financial policy to be able to preserve conditions of cheap money which will in themselves be an encouragement to commercial and industrial enterprise. We hope also thereby to preserve stability of currency without which international trade cannot flourish. And lastly we hope to be able thereby to sustain our power to finance capital expenditure on sound projects by the various Government authorities in India, as to which I shall have more to say later. It is important to bear these overriding considerations in mind, when the question

of a so-called economic plan is brought up. As to this, in the past Honourable Members used to ask us to look to Russia as a model. To-day the example generally quoted is that of the United States. Now though the methods in both cases are very different, there is this similarity that in each case it has been proved necessary to create departments of Government exercising large powers of control over every phase of industrial, commercial and agricultural activity of the country. The machinery of the Government of India is not adapted to such a purpose, nor do I believe for a moment that the country would tolerate such a measure of control. But quite apart from that the real practical question is—has any necessity for such drastic measures arisen in India? I doubt whether many people in India appreciate how serious the situation was in the United States of America. President Roosevelt's plan has been accepted because of the desperate need which existed for drastic action. The whole machinery of banking and industry was in danger of breaking down. Since 1929 more than 6,000 banks had failed involving deposits of five thousand million dollars—many more were carrying on and are still carrying on on a restricted basis. From 1929 to the spring of 1933 the numbers employed in factories fell by a half, the total wages by two-thirds and the wage per employee by 30 per cent. In March 1933, 21 million persons out of a total population of 120 million were living on public relief—many more were unemployed and living on savings and charity. And that was the state of affairs after the previous government had made desperate attempts and pledged hundreds of million dollars of public credit to stem the fall in prices and produce a so-called economic plan. In India we have no situation comparable to this.

62. But even if there is no occasion in India for such drastic measures, it certainly does not follow that Government should not have a definite policy, or that its duty is not at every point to assist the economic well-being of the country. We have had such a policy. Our position has had its special difficulties in other ways, for we have had to take into account not only the economic but the constitutional position. As I have already shown when the crisis first came upon us, our credit was severely strained and the debt position was such as to give cause for anxiety. This was the result partly of past commitments, partly of the fall in our export trade, and partly of constitutional uncertainty which affected the confidence of many investors in Government of India securities and holders of property in India. It was the first task of Government to safeguard and restore the position as regards credit and revenue resources, not only for the ordinary and obvious reasons, but also for special reasons connected with the constitutional position such as the setting up of a Reserve Bank. We may surely claim that the improvements which I have already described represent a substantial achievement in this direction. But that of course is not the whole of our task. While the position thus created must be preserved, we must also consider whether on the foundations thus strengthened we can construct an economic policy to improve conditions in India.

63. That has had the constant attention of Government, not merely as an emergency measure in the present crisis, and it is worth while to attempt some review of the results. In the first place it is fair to claim that as a result of Government's industrial policy, this period of world depression, when, to take only one instance, the steel production in the United States fell at one time to 10 per cent. of its capacity, has actually been a period of industrial expansion in India. Speaking in a recent debate in the Assembly, I gave some illustrations of this from the main industries. Taking the index figure of

industrial activity in the year 1928 as 100, I pointed out that as regards textiles for the first ten months of 1933, while the United Kingdom, the United States of America and France all showed falls ranging up to 25 per cent., India showed in the same period an increase of 41 per cent., as compared with an increase of 34 per cent. in Japan. Also taking steel production as another illustration, while the United States in 1933 showed a reduction of 54 per cent. and France and the United Kingdom reductions of 30 and 20 per cent. respectively, India showed an increase of 75 per cent. as compared with an increase of 55 per cent. in Japan.

64. At the same time other industries have been growing remarkably. The sugar industry is a case in point. By 1935 it is estimated that we shall produce in India the whole of the white sugar which used to be imported from Java, and indeed, as I have already said, there is now a danger of this process going too fast and too far. Let me quote yet another interesting example. The consumption of cement in India has increased from 387,932 tons in 1924 (Indian production 263,746 tons, imports 124,186 tons) to 689,515 tons in 1933 (Indian production 625,860 tons, imports 63,655 tons). At the same time there is no doubt that in the last two years, partly aided by the high level of our revenue duties, there has been a general and marked development of minor industries in India. The Indian Stores Department, which is constantly encouraging this development, though its work does not receive the recognition which it deserves, can give interesting illustrations of this. Thus they report that marked developments are now going on in Indian industries manufacturing a wide range of articles such as electric lamps, and all kinds of electrical appliances, rubber tyres, water-softening plant, cooking stoves, asbestos cement products, paints and enamels—to mention only a few instances, while in recent years there have been well-known developments in the Indian manufacture of railway rolling stock, bridge work and heavy structures in the case of which India is now able to manufacture all her requirements. Apart from these actual developments many new projects for the establishment of important factories are now under consideration.

65. Now all this is in accord with a policy deliberately adopted by Government—the essential idea being that if the standard of living is to be raised for the increasing population of India, industrial employment must be expanded to supplement the agricultural opportunities of the country.

But, it will be said, “industrial development is only a small thing for India compared with the conditions of the agricultural masses. Their well-being is of overwhelming importance and they are being reduced to dire straits by the present low level of prices.” If by such criticisms it is meant that the Government of India has ignored agricultural development, that charge surely will not stand examination, for the irrigation projects of India have been an example to the world, and are on a scale which makes projects in other countries shrink into insignificance. But if it is meant that the very magnitude of these projects, and the increase which they have brought about in productive capacity, set up a need for Government to give guidance as to the utilisation of that capacity and the disposal of the products, or again if it is meant that industrial development may react unfavourably on agriculture if it restricts unduly India's purchases of manufactured goods from other countries on which she has relied as customers for her own agricultural exports, or lastly if it is meant that the recent fall in prices has given rise to other problems of special difficulty in regard to the agricultural

masses, then such criticisms point to matters which deserve serious consideration. They certainly have been receiving that consideration from Government.

66. The question of the present condition of the agricultural masses of India has been so much discussed that I do not wish to enlarge upon it at great length. Yet there is so much confused thought about it that I must say something.

There is one thing on which all sides would agree, and that is that the paramount need is to raise the level of prices of agricultural commodities ; and starting from this position there are many who argue that we should restore prosperity to India if we raised the level of rupee prices by the mere dodge of reducing the value of the rupee. We cannot believe that this would achieve its object. It would, of course, if the prices of all goods responded, reduce the burden of the fixed money charges which the cultivators have to pay—taxes, interest and rent. But it would do nothing to solve what is really one of the main maladjustments to-day, namely, that the prices of primary agricultural products have fallen much more than the prices of the things which the agricultural producer has to buy. Nor could the mere raising of rupee prices do anything to stimulate the demand for Indian produce in foreign markets, and this export demand, although it is only a percentage of the whole, represents the margin which makes all the difference to India's prosperity. Moreover a great danger lies in the reaction which might come from such a course ; for if, for example, the rupee prices for a product like jute were raised by a depreciation of the rupee, there might be a great stimulation of the cultivation of jute ; but there would be no increase in what our export markets could absorb. This might lead to a serious crisis. One cannot dodge the realities of the situation in this way. There are some illuminating remarks on the effects of monetary manipulation and the depreciation of the dollar on agricultural interests in the annual report of the United States Ministry for Agriculture issued last December :

" It raises the prices of export of speculative commodities, such as wheat, cotton, and corn, much more than it does the prices of milk, hogs, beef, cattle, poultry, and other non-speculative commodities sold mainly in the domestic market. Moreover, it also raises the prices of the things the farmers buy. . . . By itself monetary action does nothing to change a maladjusted situation for the better. Indeed, it may tend to prevent a favourable change by temporarily hiding the need. Inflation is not a cure-all There are certain fundamental factors which must be handled otherwise. To control these factors in the world of to-day, with its multitude of trade barriers, requires for the time a production control which is obnoxious to every class in our society."

67. It is a remarkable fact and one that is not generally appreciated that in India so far we have not had to resort to any production control of this kind, and yet our exportable products have somehow or other throughout the crisis found a market in the outside world. We have no dangerous accumulations of unsaleable stocks and we have escaped so far some of the worst problems which have afflicted other agricultural countries.

Moreover an examination of the figures of India's main agricultural exports shows that the quantities of these have kept up remarkably well as compared with the high average of the years 1920 to 1930, and that on the whole the year 1933 shows a definite improvement over 1932. It shows also India's adaptability, for there have been striking increases in the

quantities exported of certain articles such as groundnuts, linseed and oilcake which have partially balanced falls in more important articles like cotton. (See summary table below.)*

68. If we want to approach this matter in a practical way, there are three main problems to consider :

First, how to deal with the increase in the real burden of the fixed money payments of the agriculturist due to the fall in prices and the accumulation of debt which is resulting therefrom ;

Secondly, how to increase the internal demand for India's agricultural produce ;

Thirdly, how to improve the external demand.

69. As to the first, there have been many alleviating factors which have resulted in the avoidance, so far, of any really urgent crisis. The various Provincial Governments have made substantial remissions in land revenue

**Summary of India's main agricultural exports comparing figures for 1933 with average of 10 years 1920-30. (Figures for 1932 are shown in brackets.)*

	Quantity.			Value.		
	Average of 10 years ending 1930.	1933.	Percent- age.	Average of 10 years ending 1930.	1933.	Percent- age.
				Rs. (lakhs.)	Rs. (lakhs.)	
1. Jute (Raw and manufactured.) Tons (000)	1,499	1,407 (1,176)	94 (78)	72,84	32,37 (31,49)	44 (43)
2. Cotton, raw Tons (000)	616	466 (286)	76 (46)	69,09	25,74 (16,03)	37 (23)
3. Tea . . . lbs. (million).	346	324 (368)	94 (106)	27,06	19,04 (16,59)	70 (62)
4. Rice (not in husk) Tons (000)	2,067	1,829 (2,076)	88 (100)	36,98	11,42 (17,16)	31 (46)
5. Hides and skins (raw and tanned) Tons (000)	70	56 (42)	80 (60)	13,95	9,13 (7,76)	65 (56)
6. Groundnuts Tons (000)	448	586 (472)	131 (106)	11,21	7,78 (8,11)	69 (72)
7. Linseed . . . Tons (000)	257	347 (77)	135 (30)	6,21	4,22 (97)	68 (16)
8. Oilcakes . . . Tons (000)	213	290 (293)	136 (138)	2,37	1,78 (2,06)	75 (87)
9. Wool, raw lbs. (million).	45	40 (31)	109 (69)	3,89	1,74 (1,43)	45 (37)
10. Lac . . . cwt. (000)	539	565 (438)	105 (81)	7,37	1,60 (1,40)	22 (19)
11. Coffee . . . cwt. (000)	217	174 (171)	80 (79)	1,68	1,02 (1,08)	61 (64)
Total of above 11 items.				2,52,65	1,15,84 (1,04,08)	46 (40)
Grand Total of all Exports .				3,12,59	1,44,01 (1,34,76)	46 (43)

and water rates. Landlords have not pressed for their full rents. India's ancient money-lending system has proved elastic and generally speaking demands for repayment of debts have not been pressed. As a result the great mass of agriculturists have had enough to eat and a sufficient margin in cash not only to pay taxes at the reduced level but also to maintain at a fairly reasonable level their purchases of necessities. The figures for the consumption of the main necessities of the poor, salt, kerosene and cotton piece-goods demonstrate that in broad outline this is the position.

In my budget speech of last year I gave some figures showing how the consumption of these articles in 1932 compared with the average consumption during the 10 years of post-war prosperity 1920-30. Even allowing for the increase of population, the figures were remarkable when considered in relation to the fall in prices of agricultural products. The figures for 1933 show that the consumption is still maintained at a high level though there is a slight decrease from 1932. Taking the figures of local production *plus* imports as representing roughly the level of consumption, then for 1933 the figures for cotton piece-goods work out at 11 per cent. higher than the 1920-30 average, for salt at 4 per cent. lower and for kerosene at 8 per cent. lower.

The following table brings out the figures :

Indian production plus imports.

(Figures for 1932 in brackets).

	Quantity.			Value.		
	Average of 10 years ending 1930.	1933.	Percentage.	Average of 10 years ending 1930.	1933.	Percentage.
				Rs. (lakhs.)	Rs. (lakhs.)	
Cotton piece-goods— yds.	3,677	3,759	102	131,72	84,62	64
Mill-made. (millions)		(4,327)	(118)		(99,40)	(76)
Hand-loom	1,246	1,700	136	44,85	37,40	83
		(1,600)	(120)		(34,46)	(77)
Total Cotton piece-goods	4,923	5,459	111	176,57	122,02	69
		(5,827)	(118)		(133,86)	(76)
Kerosine oil . . . Gal.	232	213	92	17,73	13,20	74
(million).		(235)	(101)		(16,27)	(92)
Salt Tons	1,965	1,884	96	12,74	10,54	82
(000)		(1,054)	(99)		(10,98)	(86)
Total				207,04	145,76	70
					(161,11)	(77)

70. But the fact that we have survived without disaster so far does not mean that serious problems are not being set up. It is a question of how long the present state of affairs can continue. Undoubtedly in the early stages of the depression savings in cash and other forms were drawn upon, and this cannot last for ever. Moreover the accumulation of arrears of rent and interest may lead to a serious situation. We have throughout watched

this situation carefully in close consultation with Provincial Governments, and we have now with the cordial approval of these Governments arranged to have a conference early in April at which we can together review the whole situation and consider this problem of indebtedness together with all possible lines of concerted action to improve the general economic situation. The problem of indebtedness is one of immense difficulty and has many reactions, and I may say that our present view is that a solution is not likely to be found by any heroic attempts to equip India in the midst of this crisis with some entirely new credit system different to that which has grown up as a result of centuries of experience. It needs sympathetic but cautious handling and the co-operation of all concerned.

71. Turning from this I come to what I have stated as the second problem, namely, how to increase India's internal purchasing power for agricultural produce. The development of India's own industries is one method which, as I have shown, has been for a long time followed and which has gone much further than most people realise; but we must never forget that this has another side to it, and that if we produce what other countries used to sell to us, their purchasing power for our exports will diminish, *unless* we can raise the general standard of living in India and provide an increased market capable not only of absorbing the products of Indian industries, but also of continuing the use of imported commodities. This opens out an interesting and intensely important field of work, and it is a field in which industrialists themselves ought to take an active part and not shift all the burden on to Government. In other countries the producing industries are alive to the need of themselves developing the demand for their own produce. An interesting example of this is the recent development of the canning industry in the United Kingdom. This development was promoted mainly by the tin plate manufacturers, and has, in the short space of two or three years, resulted not only in the use of some hundreds of thousands of tons of steel in the form of tin plate, but has brought great benefits to the fruit and vegetable growers and to the fishing industry by providing new profitable openings for their products.

Possibly there is no opening in exactly the same field on this scale in India, but this incident affords an example which might furnish ideas in other directions. I venture to think that much is to be gained by co-operation between Indian and British manufacturers in this matter. The British organisations have much experience and might help with ideas for developing Indian markets, and if by a joint effort a greater consumptive demand—say for iron and steel products or electrical plant—can be developed in India so that there is room for both Indian and British industries to find an increasing market, the benefit to India would be immense; for India would benefit in three ways, first by increasing her own industrial market, secondly by improving the standard of living of her people, and thirdly by finding an increased market for her agricultural exports in the United Kingdom in exchange for the United Kingdom imports into India. That much can be done in India by well planned propaganda designed to increase the demand for a particular product is shown by the striking figures which I have already given of the development of the Indian cement industry. Let us from this Legislature appeal to the Indian industrialists to adopt an active and broad-minded attitude in this matter. If Government can encourage any developments in this direction their support will wholeheartedly be given.

72. Turning again to action for increasing India's internal purchasing power, which Government on its own initiative can take, there is one method which has often been mentioned in this House, that of stimulating

purchasing power by undertaking expenditure on public works and other projects. This method is obviously worthy of consideration, but if it is to do good it must be governed by certain essential conditions. It must be directed mainly to purposes which will directly or indirectly increase the economic strength of the country, and it must not be employed beyond what the credit and resources of the country will stand—for such expenditure means raising loans and paying interest upon them. This means that the extent of the possible application of this method is limited, and therefore that it should be applied at the time when it can have the maximum effect. It is like a medicine which will be most effective if it is given to the patient just at the moment when it will help him to turn the corner. It is quite possible that the proper time has come when we may utilise this method with beneficial results. On the one hand there are signs that the weakening processes of increasing economic depression have been checked and that there is a tendency towards recovery which with a slight stimulus might really take a hold on the situation. On the other hand we have so strengthened our credit position that we can look forward to being able to raise money without straining our credit and on easy terms. For all these reasons we have been diligently exploring possibilities. As my Honourable Colleague, Sir Joseph Blore, announced in introducing the Railway Budget, we have this year made quite a substantially increased allotment for works expenditure on the railways, and as a matter of Financial policy we have informed the railways that we can now encourage sound projects of capital expenditure. We have also as another step in this direction reopened the Delhi Capital project and have a programme for buildings amounting to about 1 crore on hand. We are offering generous assistance to Bihar and Orissa for their earthquake rebuilding programme. We have removed the ban on capital expenditure in the Provinces and have pressed them to consider road construction and other development programmes for which we are prepared to offer facilities at the lowest possible rates of interest. The Provincial Governments have naturally shown caution in taking up these ideas for they are having a hard struggle to maintain equilibrium, and do not wish to mortgage their future by heavy loan charges. In any case this is a line of policy in which the main initiative must be taken by the Provincial Governments and it is one which we propose to explore fully with them at the forthcoming conference, to which I have just referred.

73. I come lastly to the possibilities of improving our position in export markets. This is the most difficult problem of all, for the factors lie so largely beyond our control, but nevertheless a good deal has been done. As everyone knows, one of the worst features of the present depression is the drying up of international trade. Causes and effects are inextricably mixed together, but the fact remains that all countries in order to protect their own position have had recourse to increasing economic nationalism supported by tariff barriers and exchange restrictions. In these circumstances the world's trade is becoming increasingly subject to artificial regulation, and no country can hope to maintain its position without an active and carefully thought out policy. I would classify the possibilities under three heads. In the first place it is possible for groups of nations to get together and by agreement preserve a favourable regime for mutual trading with one another, which will be effective to the extent that their needs are complementary. There is only one important group which has made a start on these lines, and India is fortunate to be a member of it. I refer of course to the British Commonwealth of Nations and the Ottawa agreement. Already that has helped us and its beneficial effects are apparent in several cases. I cannot attempt in this speech any detailed examination of those effects, on which the Commerce

Department has promised to furnish a full report later in the year. But I may call the attention of the House to certain striking facts, such as the increases during 1933 in our exports of linseed and rice,* and the great value of our exports of tea,† to the United Kingdom, all of which are largely dependent on our preferences in that market. But perhaps the most impressive illustration of the increasing value of the United Kingdom market to India is to be obtained from the general trade figures.‡ Whereas the value of India's exports to all other countries, expressed as a percentage of their average value for the 10 years 1920 to 1930, amounted in 1932 to 40 per cent. and in 1933 to 41 per cent., the same percentage figure for the value of exports to the United Kingdom was 53 per cent. in 1932 and increased to 62 per cent. in 1933. Or, to illustrate the increase in another form, I may point out that during the 10 years 1920 to 1930 the United Kingdom took 22½ per cent of India's exports, while in 1933 she took over 30 per cent. Obviously therefore the prosperity of the United Kingdom and favourable trade arrangements with her are of immense importance to India.

I believe that the arrangement started by the Ottawa agreement is capable of much wider extension, and that the members of the British group of nations—India in particular—ought to be constantly engaged in a scientific study of the position, exploring new opportunities for mutual exchange. It would surely be advantageous if all these nations could co-operate in some permanent organisation for the furtherance of this purpose. But if India is to obtain benefit in this way it needs a broadminded outlook, for as I have already pointed out no country can hope to sell more to others unless it is ready to buy more from them. The efforts now being made by the Lancashire interests to increase their power to absorb Indian cotton is of welcome significance as a sign of British appreciation of this truth. It seems to me that there are encouraging signs of a growing recognition of the same truth in India. The better relations set up as a result of the recent delegation from Lancashire, and the agreement concluded by the Millowners Association, under the courageous leadership of my honourable friend Mr. Mody are likely to prove of incalculable value (Cheers), while I am one of those who believe that those Indians who represented India at Ottawa, and who supported the agreement in this Assembly have done a lasting good to their country, and especially to the agricultural masses.

The second possible line of policy is in the form of bilateral agreements which on broad lines arrange for an exchange of goods between two countries leaving individual traders to work out the actual operations. An example of this is the recently concluded agreement with Japan which has secured the market for a large part of our exportable surplus of cotton.

Thirdly there remains the field of ordinary trade unaffected by special agreements. In the reduced field left for this we may be certain that competition will become ever fiercer, for even when a country has a monopoly of a particular article, such as India has of jute, there are substitutes to be taken into account. One of the most urgent tasks for the future is to ensure the

* Exports of rice to the United Kingdom in 1933 were 275,000 tons as compared with 138,000 tons in 1932 and an average of 42,000 tons in the 3 years 1927-29.

Exports of linseed to the United Kingdom were 107,600 tons in 1933 as compared with 10,900 tons in 1932 and an average of 54,000 tons in the three years 1927-29. (See table in Appendix II).

† Indian exports of tea to the United Kingdom amounted in value to 16.68 crores out of total exports of 19.04 crores.

‡ See table in Appendix III.

position of India's products in world markets by improving their quality and grading. We recognise that Government has a responsibility in this matter, and we have just taken an initial step in deciding to bring out a first-class marketing expert, who will start by undertaking *ad hoc* enquiries as to certain of our important crops, and who may then advise as to the setting up of a permanent and larger organisation.

74. Now in working on all the three main lines which I have mentioned it is essential that Government should be able to give scientific study to the problems and have accurate statistical knowledge as to its own position. We have made several changes lately in our organisation in order to facilitate this. We have for some time had an economic sub-committee of Council, and we have recently set up a central bureau for Economic Intelligence and statistics at Government headquarters, which provides the permanent expert organisation for the Economic sub-committee. Further developments on these lines will depend on the recommendations to be made by the two economic experts from England—Professor Bowley and Mr. Robertson—who are now examining the position in consultation with three Indian economists.

75. The sum and substance of what I have said is this. Great opportunities have been created in India for agricultural and industrial expansion, and that has been proceeding even in recent years. The economic machinery has worked steadily without breakdown even through these years of unexampled difficulty. The worst that can be said is that it has worked at an unduly small margin of profit and that there may be an aftermath of special problems arising out of the changes in the relations between money and goods. What is needed now is carefully directed action to deal with these special problems, combined with planning to take the fullest advantage of India's potentialities of production, and in doing this we must recognise that India cannot thrive alone or independently of the prosperity of other countries. That should be our purpose rather than the construction of entirely new machinery or the imposition of Government control on every sphere of economic activity, and I would again remind Honourable Members that this control and a very drastic restriction of agricultural production is an essential feature of the price-raising methods included in plans like that of the United States. That Government fully recognises the needs which I have stated and is taking action for dealing with them will, I hope, be apparent from what I have said.

The appreciation which I have given seems to be a fair one on the basis of all that has happened hitherto; but no responsible man could be rash enough to claim that in these disturbed times he could foresee all that may happen in the future. New troubles may come upon the world or upon India and with them perhaps the need for new policies and more daring experiments. Let us hope that that need may not arise.

76. I have dwelt at rather great length on a subject which some might consider to be outside the scope of a budget speech, but the finances of a country are only a reflection of its economic position and I make no apology for trying to relate my account of the former to a wider setting.

Before closing, however, I must revert shortly to the actual Budget proposals. I trust that Honourable Members will give these proposals calm and fair consideration on their merits. I fully recognise that any suggestion of new taxation in present circumstances cannot be very welcome. Nevertheless I trust that further reflection will encourage the view that in all the circumstances these proposals are right and in the interests of the country. They represent a definite plan framed with an eye to the future, and with the idea not only of maintaining equilibrium for the Central Government

but of laying, in advance of the new constitution, the foundations for a financial position in which the Provincial Governments, in whose hands lies the responsibility for fostering the so-called nation-building services, may have some possibility of expanding revenue. If this is to be done it is absolutely necessary to broaden the basis of indirect taxation, and this necessity becomes all the greater if industries are to be developed in India thereby reducing her foreign trade and the receipts from customs duties. The story of sugar is an instructive one as an illustration of the cost of protection to the general taxpayer and consumer. The public may consider the result worth the cost, but the cost has to be met. It is in the light of these considerations that the new excise duty proposals should be viewed. On the other hand, while these new measures of taxation have seemed to us to be right, we have also attempted to make a start in the relaxation of burdens in cases where such relaxation might be expected to prove economically beneficial. We have not been able to afford large experiments in this direction, but the abolition of the export duty on hides and the proposals for the reduction of charges on telegrams and postage of letters are experiments which will enable us to test the situation, and possibly if they prove successful, in the near future, to undertake further measures in this direction.

In proposing a reduction in the Debt Avoidance provision we have looked on that as a margin of strength on which in the present exceptional circumstances it is legitimate to draw. Hitherto the revenue estimates have been on such an uncertain basis, and there have been so many unrealised possibilities of deterioration in our position (the potential loss on sugar import duties, for example) that it seemed wise to maintain the full provision partly as a margin of reserve against these contingencies. And indeed it has so proved. Now, however, these contingencies have to a great extent been faced as realities, and in general we may feel that as regards our Revenue estimates we are on a much more solid foundation than at any time since the crisis began. I will not be so rash as to prophesy for the future or to use words which might be quoted against my successor. But this I may say—that in our proposals we are providing fairly for all the needs that can be foreseen, that we seem to have touched bottom, and that if the tendencies which have recently been apparent continue, there is a good hope that there will be a margin next year, large enough not merely for the restoration of the cuts in pay, but for the relaxation of other burdens. But neither India, nor any other country, is yet 'out of the wood' and a cautious outlook is still necessary.

I know that many Honourable Members feel that an immediate relaxation of these burdens might itself stimulate recovery, but our own view has been that we are not yet in a position to take risks in this direction and that any premature weakening of the financial structure might jeopardise the sound position that has been created and produce a collapse which would react on all who are engaged in economic activities in the country. In the meanwhile, as I have made clear, we are searching for all possible opportunities for taking advantage of our strong credit position to encourage recovery in other ways. Finally, taking a wider view, I should like to repeat what I have so often said—that India's financial position in its strength challenges comparison with that of any country in the world, and that in these times of increasing economic nationalism there is no country that has brighter prospects or greater potentialities for economic advance than India with her own vast market, and with her place in the British Commonwealth of Nations.

GEORGE SCHUSTER.

The 27th February 1934.

Appendices to Budget Speech, 1934-35.

APPENDIX I.

SHORT SURVEY OF AGRICULTURAL POSITION AT THE BEGINNING OF 1934.

The monsoon of 1933 started about ten days earlier than usual and was unusually continuous and prolonged in most parts of the country. The monsoon proper withdrew on the 27th September but showers were general in Northern India until nearly the end of October. The total rainfall was substantially above the average in a large part of the country and normal or nearly normal elsewhere except for a small area (East Central India) where it was in defect. As might be expected, damage to summer crops by excessive rain was more common than shortage of rain. The cotton crop was seriously damaged by late rain in the Central Provinces and Berar and also in the United Provinces and Juar (the great millet) was damaged by excessive rain in several provinces. The rice crop was generally good. Local damage was caused by floods in several provinces. The sowing of winter crops was somewhat delayed by the continuance of the rains but sowing conditions were favourable. An increase of 8 per cent. in the area under winter oilseeds and of 7 per cent. in the area sown with wheat has been reported. Crop prospects now depend to a considerable extent on the weather during February and March. Reports indicate that so far the winter rainfall has not been sufficient. In Gujerat, tobacco and cotton have been damaged by abnormal cold weather, whilst frost damage to gram has occurred in parts of Central India and the Central Provinces and to winter crops generally in some parts of the Punjab.

Jute.—The area sown with jute in 1933 was reported to be 2,491,000 acres, an increase of 16 per cent. on 1932. Production was estimated at 7,933,000 bales as compared to 7,097,000 bales in 1932 an increase of 12 per cent. on the revised estimate for the previous year. Exports of jute for the period July 1933 to 20th January 1934 were 765,000 bales better than the previous year indicating that the slightly larger crop is finding a market. Prices at the end of January were a trifle better than this time last year but much below those of June 1933.

Cotton.—The 1932-33 crop turned out considerably better than expectations, the quantity baled and received loose in mills having totalled 4,730,000 bales. Adding the conventional figure of 750,000 bales for non-industrial consumption, this indicated a total crop of 5,480,000 bales as compared to a forecast of 4,516,000 bales. It is now clear that the standard yield on which the provincial forecasts are based requires to be raised in several provinces—a not unnatural sequel to the systematic introduction of improved varieties which has been going on for a number of years. The final estimate of the area under cotton in 1933-34 is not yet available—sowings in South India being incomplete at the time of the third forecast in December—but the area reported is 2 million acres (9 per cent.) above the corresponding estimate for 1932-33 and the production was estimated to be about 400,000 bales greater. The estimated increase is fully borne out by the returns of cotton baled to date which further indicate a good crop both in the Punjab and in Sind. The cotton export year runs from 1st September to 31st August and exports from the 1932-33 crop amounting to 2,790,000 bales were satisfactory, having regard to the size of the crop. Bombay stocks of unsold cotton on August 31st, 1933, were normal at 441,930 bales and stocks elsewhere were at a similar level. The Japanese boycott on Indian cotton extended roughly from July 1933 to December 1933 being lifted at the beginning of January 1934. As active shipping of the new crop usually commences at the beginning of December, exports to date during the current cotton year are below normal but the disparity is disappearing total exports for the season having reached 585,665 bales up to the end of January as compared to 774,547 in 1932-33. The Indo-Japanese trade agreement virtually ensures the export of 1½ million bales of cotton annually to Japan during its currency.

Oilseeds.—The final forecast of the *groundnut* crop will not be issued until the last week in February but the second forecast showed an increase of 9 per cent. (670,000 acres) in the area as compared to that reported at the same time last year which was the highest on record. This crop is now the most important item of the oilseeds export trade. Exports during 1933 totalled 586,000 tons an improvement of 115,000 tons on 1932 but were less than 1931 when exports totalled 710,000 tons—the improvement is encouraging as competition with other competing oilseeds like soybean is very keen. The area under *sesamum*, the next most important of the summer oilseed crops, in 1933-34 was 6 million acres—a nominal increase on 1932-33—the improvement of that year (7 per cent.) thus being maintained. The estimated yield at 509,000 tons is 4 per cent. below that of 1932-33. This crop is mainly crushed in India but exports in 1933 amounted to 17,000 tons, an increase of 3,000 tons on 1932 and 13,000 tons on 1931.

Linseed.—The total area under this crop will not be known until about the middle of March but the January forecast shows a small increase of one per cent. on last year's corresponding estimate. The recovery from the low level of 1929-30 is thus being maintained, indeed there have been increases in all important areas except the United Provinces where weather conditions may have been largely responsible for the fall in area. No quantitative estimate of production is available; it is known that the crop started well but there has recently been local frost damage. Exports of linseed during 1933 were most satisfactory, the total being 332,000 tons during the period April—December as compared to 57,000 in 1932 and 100,000 tons in 1931 and 244,000 tons in 1930.

Mustard and rape seed.—The first forecast for the area under these oilseeds shows an increase of 8 per cent. 238,000 acres on the corresponding estimate of last year: the final area will not be known until March. Exports of rapeseed (7,400 tons) during 1933 were below those of 1932 (131,000 tons) but better than 1931 (40,000 tons)—exports to the United Kingdom were again better than in the preceding year.

The area under sugarcane in India in 1933-34 (*i.e.*, for the crop now being crushed) is reported to be 3,305,000 acres, a decrease of $\frac{1}{2}$ per cent. on last year but the yield is estimated to be 5,067,000 tons *expressed in terms of gur* (jaggery) an increase of 8 per cent. on last year. Full details have not yet been received but from the detailed United Provinces report which covers 1,702,000 acres, it is clear that the increase in production is due to the further spread of improved varieties which in the United Provinces now cover 1,275,000 acres, or 75 per cent. of the total area in that province, with a yield per acre 60 per cent. higher than the old varieties replaced. It is estimated that in season 1933-34 some 586,000 tons of sugar will be produced in modern factories in India as compared to 381,000 tons in 1932-33.

APPENDIX II.

EXPORTS TO THE U. K. OF CERTAIN ARTICLES OF TRADE LIABLE TO PREFERENTIAL TREATMENT IN THAT COUNTRY.

	Average of 3 years 1927 to 1929.	Quantity.				Average of 3 years 1927 to 1929.	Value.			
		1930.	1931.	1932.	1933.		1930.	1931.	1932.	1933.
Coffee Cwt. (000)	58.1	98.8	48.8	53.0	48.1	Rs. (lakhs). 52.6	Rs. (lakhs). 75.6	Rs. (lakhs). 29.6	Rs. (lakhs). 33.8	Rs. (lakhs). 31.0
Rice not in husk Ton (000)	42.0	59.0	42.6	138.7	274.9	60.2	68.9	31.2	104.5	154.6
Hides " "	2.9	2.6	2.8	3.4	5.7	48.3	44	38	53	90.3
Leather " "	19.6	17.9	14.4	14.6	16.7	753	620	493	471	467.6
Lead, pig Cwt. (000)	719	1094	932	909	10,44.0	120	166	123	117	119.7
Oilcakes* Ton (000)	99.4	110.5	112.9	93.7	140.0	108	100	78	65	81.9
Paraffin wax " "	15.8	11.0	15.3	11.6	11.7	75	55	69	53	50.5
Groundnuts " "	40.9	40.7	78.8	40.6	24.8	101	74	106	75	35.3
Linseed " "	54.1	58.9	14.1	10.9	107.0	114	127	17	13	124.3
Tea† Lb. (mill.)	310.5	300.4	290.5	320.0	279.1	24.49	19.92	17.34	14.61	16,08.1†
Jute bags No. (mill.)	47.4	44.2	42.5	49.6	42.7	204	142	101	119	93.8
Jute cloth Yd. (mill.)	38.8	46.1	58.3	54.6	50.6	80	76	66	62	55.0

* Excluding castor, coconut and rape and sesamum cakes for which U. K. share is not given in the monthly S. B. T. A.

† Excluding green tea.

‡ Rise in price due to restriction scheme.

APPENDIX III.

EXPORTS FROM INDIA.

	Average of 10 years ending 1930.	1932.	1933.	Percentage of 10 years' average.	
				1932.	1933.
	In lakhs of rupees.				
(1) Value of total exports to all countries	312,59	134,76	144,08	43%	46%
(2) Value of total exports to all countries <i>excluding</i> United Kingdom	242,13	97,22	100,51	40%	41%
(3) Value of total exports to United Kingdom	70,46	37,54	43,57	53%	62%

BUDGET

of the
Governor-General in Council,
as laid before the
Indian Legislature, 1934.

FINANCE DEPARTMENT ;
New Delhi, the 27th February 1934. }

A. A. L. PARSONS,
Secretary to the Govt. of India.

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I.—General Statement of the Revenue and Expenditure charged to

	For details, vide State- ment.	Accounts, 1932-33.	Budget Estimate, 1933-34.	Revised Estimate, 1933-34.	Budget Estimate, 1934-35.
		Rs.	Rs.	Rs.	Rs.
Revenue—					
Principal Heads of Revenue—					
Customs	A	51,95,17,460	51,24,60,000	46,87,00,000	48,48,00,000
Taxes on Income	,,	17,97,40,319	18,06,00,000	17,13,00,000	17,25,00,000
Salt	,,	10,07,35,768	8,75,00,000	8,55,00,000	8,73,00,000
Opium	,,	89,86,153	1,20,05,000	1,58,05,000	95,07,000
Other Heads	,,	1,84,84,834	1,89,93,000	1,66,07,000	1,81,81,000
TOTAL PRINCIPAL HEADS .		82,74,64,533	81,15,58,000	75,98,72,000	77,23,58,000
Railways: Net Receipts (as per Rail- way Budget)	A	33,37,17,466	33,39,45,000	32,86,96,000	33,58,27,000
Irrigation: Net Receipts	,,	1,64,175	—14,000	—12,000	3,000
Posts and Telegraphs: Net Receipts .	,,	39,19,117	30,41,000	31,63,000	69,78,000
Interest Receipts	,,	1,87,62,735	1,82,00,000	1,58,98,000	1,56,25,000
Civil Administration	,,	86,68,237	82,62,000	77,49,000	78,26,000
Currency and Mint	,,	2,30,63,792	1,74,68,000	1,23,35,000	1,37,02,000
Civil Works	,,	23,37,232	21,55,000	24,02,000	23,66,000
Miscellaneous	,,	98,22,864	57,34,000	68,54,000	56,87,000
Defence Receipts	,,	3,63,49,997	4,31,67,000	5,24,74,000	5,20,47,000
Provincial Contributions and miscel- laneous adjustments between Central and Provincial Governments	,,	...	...	...	...
Extraordinary Items	,,	2,05,550	...	35,63,000	...
TOTAL REVENUE .		1,26,39,74,808	1,24,35,16,000	1,19,80,94,000	1,20,43,21,000
DEFICIT .		...	...	...	...
TOTAL .		1,26,39,74,808	1,24,35,16,000	1,19,80,94,000	1,20,43,21,000

Revenue of the Central Government, in India and in England.

	For details, vide State- ment.	Accounts, 1932-33.	Budget Estimate, 1933-34.	Revised Estimate, 1933-34.	Budget Estimate, 1934-35.
		Rs.	Rs.	Rs.	Rs.
Expenditure—					
Direct Demands on the Revenue	B	4,23,6 ^c ,016	4,15,94,000	4,27,38,000	4,00,79,000
Forest and other Capital Outlay charged to Revenue	„	2,37,450	2,34,000	1,46,000	1,46,000
Railways : Interest and Miscellaneous Charges (as per Railway Budget)	„	33,37,17,406	33,39,45,000	32,83,96,000	32,58,27,000
Irrigation	„	5,40,440	4,74,000	3,85,000	5,95,000
Posts and Telegraphs	„	85,64,719	91,22,000	87,06,000	88,32,000
Debt Services	„	18,45,62,366	17,67,36,000	12,65,99,000	13,33,55,000
Civil Administration	„	9,63,79,506	9,59,22,000	9,58,62,000	9,58,62,000
Currency and Mint	„	65,67,161	64,19,000	60,89,000	66,39,000
Civil Works	„	1,77,16,265	1,93,92,000	2,06,68,000	2,01,96,000
Miscellaneous	„	4,23,51,872	4,11,76,000	4,25,38,000	4,31,74,000
Defence Services	„	50,37,49,997	50,51,67,000	49,67,31,000	49,58,47,000
Miscellaneous adjustments between the Central and Provincial Govern- ments	„	96,05,073	1,00,00,000	1,00,00,000	3,15,44,000
Extraordinary Items	„	15,95,345	8,74,000	1,39,20,000	3,10,000
TOTAL EXPENDITURE CHARGED TO REVENUE		1,24,84,55,676	1,24,10,55,000	1,19,30,94,000	1,20,24,06,000
SURPLUS		1,55,19,192	24,61,000	...	19,15,000
TOTAL		1,26,39,74,868	1,24,35,16,000	1,19,30,94,000	1,20,43,21,000

Central Government, in India and in England.

	For details, vide State- ment.	DISBURSEMENTS.			
		Accounts, 1932-33.	Budget Estimate, 1933-34.	Revised Estimate, 1933-34.	Budget Estimate, 1934-35.
		Rs.	Rs.	Rs.	Rs.
Deficit		---	---	---	---
Railway, Irrigation, Posts and Telegraphs and other Capital outlay not charged to Revenue—					
Capital outlay on Security Printing Press	C	1,107	-1,11,000	-1,11,000	-1,15,000
Construction of State Railways (as per Railway Budget)	"	7,14,258	3,20,00,000	26,00,000	4,08,00,000
Discharge of Debentures (as per Railway Budget)	"	24,23,173	...	20,28,000	...
Construction of Irrigation, etc., Works	"	...	...	...	...
Capital outlay on Posts and Tele-graphs	"	14,81,501	15,60,000	15,60,000	30,70,000
Capital outlay on Vizagapatam Port	"	52,42,202	49,80,000	49,80,000	18,46,000
Capital outlay on Light-houses and Light-ships	"	...	...	...	...
Currency Capital outlay	"	-8,63,512	-78,000	-4,14,000	-85,000
Initial expenditure on New Capital at Delhi	"	...	...	10,00,000	67,67,000
Payment of commuted value of pensions	"	78,88,729	60,65,000	85,47,000	49,56,000
Payments to Retrenched Personnel	"	12,63,541	-1,27,000	2,90,000	-3,30,000
TOTAL CAPITAL ACCOUNT DIS-BURSEMENTS	...	1,60,30,999	4,53,09,000	2,03,84,000	6,38,03,000
Debt, Deposits and Advances—					
Permanent Debt (net discharged)	C	...	17,09,55,000	5,87,56,900	12,44,30,000
Floating Debt (net discharged)	"	45,12,65,000	8,00,00,000	18,82,20,000	...
Deposits and Advances (net)	"	...	...	3,40,21,000	...
Railway Depreciation and Reserve Funds as per Railway Budget (net)	"	2,80,33,024	...	27,11,000	36,22,000
TOTAL DEBT, DEPOSITS AND ADVANCES	...	47,92,98,024	25,09,55,000	23,37,08,000	12,70,52,000
Loans and Advances by the Central Government (net Advances)	C	6,91,63,252	3,71,72,000	3,90,65,000	7,48,95,000
Remittances (net)	"	68,90,446	...	19,000	..
Balances of Provincial Governments (net)	"	...	46,00,000	32,00,000	25,00,000
TOTAL DISBURSEMENTS	...	57,37,82,721	33,80,36,000	29,69,76,000	26,91,50,000
Closing Balance { India	...	14,58,99,614	11,12,30,744	13,43,92,514	10,48,81,614
{ England	...	13,19,33,230	6,56,15,561	7,10,28,230	6,71,22,230
TOTAL	...	85,16,15,565	51,48,82,305	50,23,94,844	44,11,33,844

A.—Statement of the Revenue of the Centre

HEADS OF REVENUE.	ACCOUNTS, 1932-33.				REVISED ESTIMATE		
	India.	England.	Exchange.	TOTAL.	India.	England.	Item No.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Principal Heads of Revenue—							
I.—Customs.	51,95,17,460	...	...	51,95,17,460	46,87,00,000	...	1
II.—Taxes on Income	17,97,40,319	...	...	17,97,40,319	17,13,00,000	...	2
III.—Salt	10,07,35,768	...	...	10,07,35,768	8,55,00,000	...	3
IV.—Opium	89,88,152	...	...	89,88,152	1,58,65,000	...	4
V.—Land Revenue.	17,85,707	...	...	17,85,707	20,17,900	...	5
VI.—Excise	41,50,932	...	...	41,50,932	41,38,000	...	6
VII.—Stamps	32,75,323	...	...	32,75,323	30,68,000	...	7
VIII.—Forest	18,03,498	...	...	18,03,498	16,17,000	...	8
IX.—Registration	1,12,308	...	...	1,12,308	1,03,000	...	9
X.—Payments from Indian States	73,57,066	...	...	73,57,066	76,64,000	...	10
TOTAL	82,74,64,533	...	...	82,74,64,533	75,09,72,000	...	11
Irrigation, etc.—							
XIII.—Works for which Capital accounts are kept—Gross Receipts	1,82,866	...	...	1,82,866	1,61,000	...	12
Deduct—Working Expenses	1,84,678	...	...	1,84,678	1,70,000	...	13
Net Receipts	—1,812	...	...	—1,812	—10,000	...	14
XIV.—Works for which no Capital Accounts are kept	1,65,987	...	...	1,65,987	7,000	...	15
TOTAL	1,64,175	...	...	1,64,175	—12,000	...	16
Posts and Telegraphs—							
XV.—Posts and Telegraphs—Indian Posts and Telegraphs Department—Gross Receipts	10,55,40,382	...	...	10,55,40,382	10,75,74,000	...	17
Deduct—Working Expenses	10,04,45,847	11,77,838	—2,420	10,16,21,865	10,35,46,000	8,67,000	18
Net Receipts	50,94,535	—11,77,638	2,420	39,19,117	40,28,000	—8,67,000	19
Debt Services—							
VI.—Interest	97,95,814	99,82,939	—16,018	1,67,62,735	1,07,75,000	51,32,000	20
Carried over	84,25,19,087	78,05,101	—13,598	85,08,10,580	77,47,63,000	42,65,000	21

* Sterling converted in

Government, in India and in England.

1933-34.			Increase (+) Decrease (-) as compared with Budget, 1933-34.	BUDGET ESTIMATE, 1934-35.				Increase (+) Decrease (-) as compared with Revised, 1933-34.
Item No.	Exchange.	TOTAL.		India.	England.	Exchange.	TOTAL.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	...	46,87,00,000	-4,37,60,000	43,49,00,000	...	...	43,48,00,000	+1,61,00,000
2	...	17,13,00,000	-93,00,000	17,25,00,000	...	...	17,25,00,000	+12,00,000
3	...	8,55,00,000	-20,00,000	8,73,00,000	...	...	8,73,00,000	+18,00,000
4	...	1,52,65,000	+38,60,000	95,07,000	...	...	95,07,000	-63,58,000
5	...	20,17,000	+2,18,000	20,58,000	...	...	20,58,000	+41,000
6	...	41,38,000	-99,000	41,81,000	...	...	41,81,000	+43,000
7	...	29,68,000	-7,29,000	29,63,000	...	...	29,63,000	-1,06,000
8	...	15,17,000	-73,000	15,04,000	...	...	15,04,000	-1,13,000
9	...	1,03,000	+11,000	1,03,000	...	...	1,03,000	...
10	...	73,64,000	+2,86,000	73,73,000	...	...	73,73,000	-2,91,000
11	...	75,99,72,000	-5,15,86,000	77,23,88,000	...	...	77,23,88,000	+1,23,16,000
12	...	1,51,000	-11,000	1,53,000	...	...	1,52,000	+1,000
13	...	1,70,000	+10,000	1,66,000	...	...	1,66,000	+14,000
14	...	-10,000	-1,000	-4,000	...	...	-4,000	+15,000
15	...	7,000	+3,000	7,000	...	...	7,000	...
16	...	-12,000	+2,000	3,000	...	...	3,000	+15,000
17	...	10,75,74,000	-5,60,000	10,71,26,000	...	...	10,71,26,000	-4,48,000
18	-9,000	10,44,11,000	+6,82,000	9,92,80,000	8,68,000	...	10,01,48,000	+43,63,000
19	2,000	81,68,000	+1,22,000	78,46,000	-8,88,000	...	69,78,000	+38,15,000
20	-9,000	1,58,98,000	-23,02,000	1,18,02,000	78,38,000	...	1,56,26,000	+37,27,000
21	-7,000	77,90,31,000	-5,37,64,000	79,14,88,000	64,55,000	...	79,78,04,000	+1,88,73,000

Rupees at £1 = Rs. 13½

A.—Statement of the Revenue of the Central

HEADS OF REVENUE.	ACCOUNTS, 1932-33.				REVISED ESTIMATE,		
	India.	England.	Exchange.	TOTAL.	India.	England.	Item No.
Brought forward	Rs. 84,26,10,057	Rs. 78,05,101	Rs. —13,508	Rs. 85,03,10,560	Rs. 77,47,63,000	Rs. 42,05,000	
Civil Administration—							
XVII.—Administration of Justice	1,46,353	...	...	1,46,353	1,32,000	...	1
XVIII.—Jails and Convict Settlements.	2,67,661	...	...	2,67,661	2,91,000	...	2
XIX.—Police	7,52,504	1,06,667	...	8,59,531	8,81,000	1,07,000	3
XX.—Ports and Pilotage	19,27,227	...	...	19,27,227	19,24,000	...	4
XX(1).—Light Houses and Light Ships	9,91,294	...	...	9,91,294	9,55,000	...	5
XXI.—Education	2,06,655	226	—2	2,06,580	1,95,000	...	6
XXII.—Medical	2,32,580	20,400	1	2,53,231	1,81,000	21,000	7
XXIII.—Public Health	1,69,519	195	...	1,90,714	1,75,000	...	8
XXIV.—Agriculture	17,57,079	312	...	17,57,391	7,90,000	...	9
XXV.—Industries	16,857	92	—1	16,948	17,000	...	10
XXVI.—Miscellaneous Departmental	17,50,495	41,004	—310	17,91,249	17,83,000	55,000	11
XXVI-A.—Indian Stores Department	2,20,710	48	...	2,20,758	2,62,000	...	12
TOTAL	84,99,545	1,09,004	—313	86,08,237	75,66,000	1,83,000	13
Currency and Mint—							
XXVII.—Currency	2,00,09,023	10	...	2,00,99,033	77,30,000	...	14
XXVIII.—Mint	20,64,259	...	...	20,64,259	46,05,000	...	15
TOTAL	2,30,63,282	10	...	2,30,63,292	1,23,35,000	...	16
Civil Works—							
XXX.—Civil Works	23,37,533	...	...	23,37,332	23,15,000	7,000	17
Miscellaneous—							
XXXIII.—Receipts in aid of Superannuation	11,18,369	3,28,788	—738	14,41,441	10,87,000	1,94,000	18
XXXIV.—Stationery and Printing	20,79,190	32,301	—106	21,11,325	21,39,000	18,000	19
XXXV.—Miscellaneous	53,38,938	4,31,565	—705	57,69,798	30,10,000	4,08,000	20
TOTAL	85,31,517	7,92,654	—1,607	93,22,564	62,36,000	6,20,000	21
Defence Receipts—							
XXXVI.—Defence Services—Effective	2,56,75,519	36,39,870	—12,320	2,93,03,069	2,63,20,000	2,16,04,000	22
XXXVII.—Defence Services—Non-effective	7,08,280	63,70,090	—31,442	70,40,928	6,92,000	38,93,000	23
XXXVIII.—Transfers from Defence Reserve Fund	...	...	...	...	...	...	24
TOTAL	2,63,83,799	1,00,09,960	—43,763	3,63,40,997	2,70,21,000	2,54,97,000	25
Provincial Contributions and Miscellaneous Adjustments between Central and Provincial Governments—							
XXXIX-A.—Miscellaneous adjustments between the Central and Provincial Governments	...	...	...	...	...	...	26
Extraordinary Items—							
XL.—Extraordinary Receipts	2,03,568	3,019	—5	2,05,580	3,00,000	32,60,000	27
XL-A.—Transfers from Revenue Reserve Fund	...	...	...	...	...	...	28
TOTAL	2,02,568	3,019	—5	2,05,560	3,00,000	32,60,000	29
Railway Revenues as per Railway Budget	38,86,18,764	—48,14,530	13,178	38,37,17,406	83,38,30,000	—40,32,000	30
TOTAL REVENUE	1,26,00,55,763	1,39,05,212	—46,106	1,26,39,74,865	1,10,39,36,000	2,02,00,000	31

* Sterling converted into

Government, in India and in England.

1933-34.			BUDGET ESTIMATE, 1934-35.				Increase (+) Decrease (-) as compared with Revised, 1933-34.	
Item No.	Exchange.	TOTAL.	Increase (+) Decrease (-) as compared with Budget, 1933-34.	India.	England.	Exchange.	TOTAL.	Increase (+) Decrease (-) as compared with Revised, 1933-34.
	Rs. —7,000	Rs. 77,90,21,000	Rs. —5,37,64,000	Rs. 79,14,30,000	Rs. 64,55,000	Rs. ...	Rs. 79,78,94,000	Rs. +1,88,73,000
1	...	1,32,000	+7,000	1,47,000	...	...	1,47,000	+15,000
2	...	2,01,000	+3,000	2,79,000	...	...	2,79,000	—12,000
3	...	9,88,000	+46,000	5,51,000	1,07,000	...	6,58,000	—3,30,000
4	...	19,24,000	—6,000	19,30,000	...	...	19,28,000	+2,000
5	...	9,55,000	—84,000	9,33,000	...	...	9,33,000	—22,000
6	...	1,55,000	+1,000	2,00,000	...	...	2,00,000	+5,000
7	...	2,02,000	+37,000	1,80,000	20,000	...	2,00,000	—2,000
8	...	1,75,000	+8,000	1,88,000	...	...	1,88,000	+13,000
9	...	7,90,000	—4,62,000	8,80,000	...	...	8,80,000	+98,000
10	...	17,000	+2,000	16,000	...	...	15,000	—2,000
11	...	18,18,000	—48,000	21,20,000	7,000	...	21,30,000	+3,18,000
12	...	2,62,000	—17,000	2,60,000	...	...	2,60,000	—2,000
13	...	77,49,000	—5,13,000	76,94,000	1,34,000	...	78,28,000	+79,000
14	...	77,30,000	—61,81,000	71,83,000	15,96,000	...	87,79,000	+10,40,000
15	...	46,06,000	+10,48,000	30,23,000	...	...	30,23,000	—6,82,000
16	...	1,33,35,000	—51,38,000	1,11,06,000	15,96,000	...	1,27,02,000	+3,67,000
17	...	24,02,000	+2,47,000	23,79,000	7,000	...	23,86,000	—16,000
18	—1,000	13,80,000	—60,000	11,26,000	1,83,000	...	13,08,000	+28,000
19	...	21,57,000	—2,58,000	21,88,000	16,000	...	22,04,000	+47,000
20	—1,000	34,17,000	+14,38,000	17,11,000	4,14,000	...	21,25,000	—13,82,000
21	—2,000	68,54,000	+11,30,000	50,25,000	6,13,000	...	56,37,000	—12,17,000
22	—37,000	4,78,08,000	+1,63,07,000	2,68,08,000	2,10,92,000	...	4,77,01,000	—1,96,000
23	—7,000	45,73,000	—7,80,000	6,60,000	38,87,000	...	43,47,000	—2,31,000
24	...	...	—61,40,000	...	...	...	...	...
25	—44,000	5,24,74,000	+98,07,000	2,72,08,000	2,47,79,000	...	5,20,47,000	—4,27,000
26	...	...	...	...	...	...	...	...
27	—6,000	35,63,000	+35,63,000	...	...	...	...	—35,63,000
28	...	...	...	...	...	...	...	...
29	—6,000	35,63,000	+35,63,000	...	...	...	...	—35,63,000
30	8,000	32,66,96,000	—5,19,000	33,04,30,000	—48,12,000	...	32,68,27,000	—28,89,000
31	—51,000	1,19,80,94,000	—5,04,32,000	17,53,50,000	3,69,71,000	...	1,20,43,31,000	+1,12,27,000

Rupees at Rs. 13½.

B.—Statement of the Expenditure charged to Revenue

HEADS OF EXPENDITURE.	ACCOUNTS, 1932-33.				REVISED	
	India.	England.	Exchange.	TOTAL.	India.	Item No.
	Rs.	Rs.	Rs.	Rs.	Rs.	
Direct Demands on the Revenue—						
1.—Customs	91,31,064	1,03,084	—366	92,34,393	97,50,000	1
2.—Taxes on Income	76,91,448	68,085	—246	77,59,235	81,44,000	2
3.—Salt	1,10,95,143	57,137	—104	1,11,52,121	1,13,42,000	3
4.—Opium	83,60,173	27,338	—32	83,87,479	71,17,000	4
5.—Land Revenue	5,39,568	...	...	5,39,568	5,68,000	5
6.—Excise	15,08,595	9,520	3	15,18,418	15,18,000	6
7.—Stamps	13,85,115	20,617	—74	14,05,658	17,04,000	7
8.—Forest	21,98,256	99,635	—261	22,97,630	19,78,000	8
9.—Registration	15,317	...	...	15,317	20,000	9
TOTAL	4,19,22,980	4,43,176	—1,140	4,23,65,016	4,21,47,000	10
Forest and other Capital Outlay charged to Revenue—						
3A.—Capital outlay on Salt Works	1,90,972	...	...	1,90,972	75,000	11
3A.—Forest Capital outlay	46,478	...	...	46,478	57,000	12
TOTAL	2,37,450	...	...	2,37,450	1,32,000	13
Irrigation, etc., Revenue Account—						
14.—Works for which Capital accounts are kept—						
Interest on Debt	2,57,142	...	...	2,57,142	2,54,000	14
15.—Other Revenue Expenditure	2,27,700	15,428	—48	2,43,050	95,000	15
TOTAL	4,84,842	15,428	—48	5,00,222	3,49,000	16
Irrigation, etc., Capital outlay charged to Revenue—						
16.—Construction of Irrigation, etc., Works— Financed from Ordinary Revenues.	40,318	...	...	40,318	28,000	17
Posts and Telegraphs Revenue Account—						
17.—Posts and Telegraphs— Interest on Debt— Indian Posts and Telegraphs Department	81,08,372	...	...	81,08,372	83,35,000	18
Posts and Telegraphs Capital Outlay charged to Revenue—						
18.—Capital outlay on Posts and Telegraphs— Indian Posts and Telegraphs Department	4,56,347	...	...	4,56,347	3,71,000	19
Debt Services—						
19.—Interest on Ordinary Debt	23,33,71,772	30,28,60,313	—5,97,666	43,56,34,419	20,63,57,000	20
Deduct—Amount chargeable to—						
Railways	20,08,98,889	11,51,89,060	—3,89,153	81,56,58,796	19,59,49,000	21
Irrigation	2,57,142	...	...	2,57,142	2,64,000	22
Posts and Telegraphs	82,66,479	...	...	82,66,479	84,88,000	23
Provincial Loans Fund	8,01,33,807	...	...	8,01,33,807	8,08,00,000	24
Other heads	24,92,524	...	...	24,92,524	25,00,000	25
Remainder chargeable to Ordinary Debt	—5,86,67,069	8,76,71,253	—2,08,513	2,87,95,671	—8,14,39,000	26
20.—Interest on other Obligations	8,67,60,337	5,53,567	—9	8,73,42,695	9,80,43,000	27
21.—Reduction or Avoidance of Debt	6,84,24,000	...	...	6,84,24,000	3,00,00,000	28
TOTAL	9,65,40,268	8,82,24,620	—7,08,532	18,45,62,366	4,48,14,000	29
Carried over	14,77,96,477	8,86,86,324	—3,09,710	23,82,72,991	9,59,71,000	30

* Sterling converted into

of the Central Government, in India and in England.

ESTIMATE, 1933-34.				Increase (+) Decrease (-) as compared with Budget, 1933-34.	BUDGET ESTIMATE, 1934-35.				Increase (+) Decrease (-) as compared with Revised, 1933-34.
Item No.	England.	Exchange.	TOTAL.		India.	England.	Exchange.	TOTAL.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	1,53,000	—1,000	99,08,000	+1,48,000	98,95,000	1,63,000	...	1,00,58,000	+1,50,000
2	1,48,000	...	83,32,000	—1,91,000	84,25,000	78,000	...	85,03,000	+2,11,000
3	84,000	...	1,14,36,000	—94,000	1,14,42,000	46,000	...	1,15,05,000	+83,000
4	43,000	...	71,69,000	+14,23,000	41,91,000	37,000	...	42,28,000	—29,31,000
5	...	...	6,68,000	—15,000	6,87,000	...	...	5,67,000	+19,000
6	13,000	...	16,31,000	—14,000	16,28,000	15,000	...	16,45,000	+13,000
7	43,000	...	17,47,000	—17,000	14,26,000	19,000	...	14,45,000	—3,02,000
8	1,09,000	...	20,87,000	—96,000	20,89,000	1,34,000	...	21,90,000	+1,03,000
9	...	...	20,000	...	17,000	...	...	17,000	—3,000
10	5,94,000	—1,000	4,37,38,000	+11,44,000	3,96,87,000	4,92,000	...	4,00,79,000	—26,59,000
11	12,000	...	87,000	—89,000	1,19,000	...	...	1,19,000	+32,000
12	2,000	...	59,000	+1,000	32,000	5,000	...	27,000	—32,000
13	14,000	...	1,46,000	—85,000	1,41,000	5,000	...	1,46,000	...
14	...	...	2,64,000	—25,000	2,50,000	...	...	2,50,000	—4,000
15	18,000	...	1,08,000	—66,000	3,06,000	18,000	...	3,24,000	+2,16,000
16	13,000	...	3,63,000	—91,000	5,56,000	18,000	...	5,74,000	+2,12,000
17	...	...	23,000	+3,000	21,000	...	...	21,000	—2,000
18	...	...	83,35,000	—4,26,000	84,25,000	...	...	84,25,000	+90,000
19	...	...	3,71,000	+10,000	4,07,000	...	...	4,07,000	+36,000
20	19,69,39,000	—3,41,000	40,20,55,000	—2,05,15,000	20,13,90,000	19,63,47,000	...	39,77,7,000	—52,18,000
21	11,58,96,000	—2,00,000	81,11,48,000	+51,84,000	19,26,57,000	11,54,60,000	...	30,81,17,000	+20,28,000
22	...	...	2,54,000	+25,000	2,50,000	...	...	2,50,000	+4,000
23	...	...	84,83,000	+4,26,000	85,74,000	...	...	85,74,000	—91,000
24	...	...	8,09,00,000	+30,00,000	8,00,00,000	...	...	8,00,00,000	+9,00,000
25	...	...	25,00,000	+2,48,000	8,64,000	...	...	8,94,000	+10,00,000
26	8,15,43,000	—1,41,000	—27,000	—1,16,38,000	—8,09,85,000	8,08,87,000	...	—18,000	—71,000
27	5,83,000	—1,000	9,60,25,000	+8,52,000	10,27,95,000	6,58,000	...	10,24,52,000	+1,28,000
28	8,21,30,000	—1,42,000	12,36,95,000	—5,01,38,000	5,15,10,000	8,545,000	...	11,955,000	+17,57,000
29	8,37,45,000	—1,43,000	17,85,78,000	—4,95,87,000	10,09,47,000	8,20,60,000	...	18,30,17,000	—34,74,000

Rupees at 41 = Rs. 13½.

B.—Statement of the Expenditure charged to Revenue

HEADS OF EXPENDITURE.	ACCOUNTS, 1932-33.				REVISED	
	India.	England.	Exchange.	TOTAL.	India.	Item No.
	Ra.	Ra.	Ra.	Ra.	Ra.	
Brought forward	14,77,96,477	8,56,86,234	—2,09,710	23,63,72,991	9,59,71,000	
Civil Administration—						
22.—General Administration	1,05,72,000	47,77,678	—15,995	1,53,34,673	1,07,22,000	1
23.—Audit	90,34,030	3,13,414	—869	93,43,675	95,35,000	2
24.—Administration of Justice	8,00,907	71,488	—235	8,78,160	7,02,000	3
25.—Jails and Convict Settlements	24,71,411	61,635	—246	25,32,890	23,27,000	4
26.—Police	54,06,379	1,29,175	—313	55,37,241	53,70,000	5
27.—Ports and Pilotage	19,07,331	3,16,935	—1,021	22,23,395	19,55,000	6
27 (1).—Light Houses and Light Ships	9,71,788	9,725	—53	9,81,460	9,55,000	7
28.—Ecclesiastical	21,11,479	7,63,249	—2,301	28,72,427	30,66,000	8
29.—Political	1,32,46,898	12,66,157	—4,344	1,45,08,711	1,24,31,000	9
29-A.—Frontier Watch and Ward	2,16,66,717	1,28,353	—568	2,17,94,633	2,17,34,000	10
30.—Scientific Departments	60,18,464	6,37,032	—2,083	66,53,413	60,33,000	11
31.—Education	34,83,997	47,344	—69	35,16,272	29,37,000	12
32.—Medical	20,61,331	1,46,578	—273	22,07,526	21,08,000	13
33.—Public Health	11,73,918	1,48,075	—714	13,21,279	11,89,000	14
34.—Agriculture	29,30,662	1,05,696	—298	30,25,900	27,63,000	15
35.—Industries	1,74,805	20,668	—83	1,95,390	1,82,000	16
36.—Aviation	9,29,864	43,863	—198	9,73,549	11,91,000	17
37.—Miscellaneous Departments	18,66,618	1,55,076	—507	20,21,147	18,45,000	18
37-A.—Indian Stores Department	8,79,416	86,730	—160	9,66,966	8,20,000	19
TOTAL	8,76,90,956	92,38,781	—30,170	9,68,79,566	8,67,75,000	20
Currency and Mint—						
38.—Currency	46,15,772	19,559	—37	46,35,294	46,40,000	21
39.—Mint	18,69,308	62,570	—69	19,31,667	18,56,000	22
TOTAL	64,85,188	82,129	—106	65,67,161	59,96,000	23
Civil Works—						
41.—Civil Works	1,75,79,376	1,37,425	—436	1,77,16,365	2,05,31,000	24
Miscellaneous—						
43.—Famine—						
A.—Famine-Relief	29,76,740	1,06,300	—323	30,82,717	29,75,000	25
44.—Territorial and Political Pensions	58,12,446	2,16,30,981	—80,478	2,73,73,949	84,25,000	26
45.—Superannuation Allowances and Pensions	30,98,666	4,28,052	—914	35,25,804	33,34,000	27
46.—Stationery and Printing	59,78,345	21,70,546	—6,967	72,41,924	41,73,000	28
47.—Miscellaneous	1,69,66,197	2,43,35,879	—77,683	4,12,24,394	1,89,07,000	29
TOTAL	1,69,66,197	2,43,35,879	—77,683	4,12,24,394	1,89,07,000	30
Miscellaneous capital outlay charged to Revenue—						
45-A.—Commuted value of pensions financed from Ordinary Revenue	11,27,478	...	...	11,27,478	—1,30,000	31
Defence Services—						
49.—Defence Services—Effective	35,45,95,160	6,19,69,947	—2,26,659	41,63,38,443	35,61,50,000	32
49.—Defence Services—Non-effective	3,66,02,730	4,94,90,813	—1,64,937	8,59,31,616	5,08,09,000	33
50.—Transfers to Defence Reserve Fund	14,76,933	...	...	14,76,933	8,40,000	34
TOTAL	39,26,74,823	11,14,66,760	—3,91,556	50,37,49,997	39,73,38,000	35
Contributions and Miscellaneous Adjustments between Central and Provincial Governments—						
51-A.—Miscellaneous Adjustments between the Central and Provincial Governments	96,05,073	...	...	96,05,073	1,00,00,000	36
Extraordinary Items—						
52.—Extraordinary Payments	11,81,033	4,16,966	—2,654	15,95,345	1,35,66,000	37
52-T.—Transfers to Revenue Reserve Fund	...	...	...	...	...	38
TOTAL	11,81,033	4,16,966	—2,654	15,95,345	1,35,66,000	39
Railway Expenditure as per Railway Budget	20,46,68,017	12,95,36,842	—4,40,453	33,37,17,406	19,99,41,000	40
TOTAL EXPENDITURE CHARGED TO REVENUE	85,57,34,467	36,38,80,006	—11,56,797	1,24,84,56,676	84,85,97,000	41

* Sterling converted into

of the Central Government, in India and in England—*contd.*

Item No.	ESTIMATE, 1933-34.				BUDGET ESTIMATE, 1934-35.				Increase (+) Decrease (-) as compared with Revised, 1933-34.
	England.	Exchange.	TOTAL.	Increase (+) Decrease (-) as compared with Budget, 1933-34.	India.	England.	Exchange.	TOTAL.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
	8,37,45,000	-1,43,000	17,85,73,000	-4,95,87,000	10,09,47,000	8,20,80,000	...	18,30,07,000	+44,34,000
1	48,36,000	-9,000	1,55,49,000	-1,90,000	1,08,61,000	50,55,000	...	1,59,16,000	+3,67,000
2	2,63,000	-1,000	98,47,000	-2,40,000	99,33,000	3,04,000	...	1,02,37,000	+8,90,000
3	91,000	...	7,93,000	-9,000	7,06,000	99,000	...	8,05,000	+12,000
4	52,000	...	33,79,000	-1,42,000	32,45,000	52,000	...	23,97,000	-82,000
5	95,000	...	54,65,000	+75,000	51,67,000	1,03,000	...	53,90,000	-1,75,000
6	3,74,000	-1,000	23,28,000	-42,000	20,09,000	3,36,000	...	23,45,000	+17,000
7	...	...	9,55,000	-84,000	9,19,000	14,000	...	9,33,000	-22,000
8	8,59,000	-2,000	29,33,000	+6,000	21,72,000	7,82,000	...	29,54,000	+11,000
9	10,29,000	-2,000	1,34,43,000	-2,14,000	1,23,55,000	10,48,000	...	1,34,01,000	-47,000
10	1,34,000	...	3,18,65,000	+1,10,000	2,05,59,000	1,10,000	...	2,06,69,000	-11,69,000
11	6,19,000	-1,000	60,51,000	+3,000	63,50,000	7,33,000	...	70,83,000	+4,33,000
12	54,000	...	29,91,000	-27,000	29,16,000	69,000	...	29,85,000	-6,000
13	1,38,000	...	23,06,000	-1,13,000	22,42,000	1,62,000	...	24,04,000	+97,000
14	1,63,000	...	13,53,000	-67,000	14,44,000	1,63,000	...	16,06,000	+2,54,000
15	91,000	...	28,54,000	+4,15,000	25,00,000	1,11,000	...	26,11,000	-2,43,000
16	17,000	...	1,99,000	-21,000	1,96,000	27,000	...	2,23,000	+24,000
17	40,000	...	13,31,000	+2,37,000	13,00,000	35,000	...	14,25,000	+1,94,000
18	1,76,000	...	18,31,000	+8,000	17,43,000	1,70,000	...	19,13,000	+93,000
19	83,000	...	9,09,000	+2,33,600	6,68,000	87,000	...	7,55,000	-1,54,000
20	91,10,000	-16,000	9,58,69,000	-53,000	8,04,25,000	94,37,000	...	9,58,62,000	-7,000
21	20,000	...	46,60,000	+1,23,000	51,72,000	24,000	...	51,48,000	+4,86,000
22	73,000	...	14,29,000	-4,53,000	14,00,000	93,000	...	14,93,000	+64,000
23	93,000	...	80,89,000	-3,30,000	65,23,000	1,17,000	...	66,39,000	+5,50,000
24	1,57,000	...	2,06,58,000	+12,96,000	2,00,75,000	1,21,000	...	2,01,96,000	-4,92,000
25	...	...	...	...	...	...	...	...	...
26	1,07,000	...	30,82,000	-8,000	39,38,000	1,07,000	...	30,45,000	-37,000
27	2,12,14,000	-37,000	2,98,02,000	+15,46,000	99,95,000	2,07,81,000	...	3,07,76,000	+11,74,000
28	3,16,000	...	36,50,000	-1,33,000	33,05,000	3,98,000	...	36,03,000	-47,000
29	21,65,000	-4,000	63,34,000	+8,37,000	59,13,000	20,07,000	...	59,20,000	-4,14,000
30	2,38,03,000	-41,000	4,26,68,000	+17,42,000	2,00,51,000	2,32,93,000	...	4,33,44,000	+6,76,000
31	...	...	-1,30,000	-3,80,000	-1,70,000	...	...	-1,70,000	-40,000
32	5,95,17,000	-1,03,000	40,95,94,000	-1,00,64,000	35,09,14,000	6,36,38,000	...	41,45,52,000	+40,58,000
33	5,00,56,000	+67,000	8,63,78,000	+7,69,000	3,67,18,000	4,95,53,000	...	5,62,70,000	-8,000
34	...	...	8,49,000	+8,49,000	-49,75,000	...	...	-49,75,000	-58,24,000
35	10,95,73,000	-1,90,000	49,67,31,000	-84,43,000	38,36,57,000	11,31,00,000	...	49,58,47,000	-8,74,000
36	...	...	1,00,00,000	...	3,15,44,000	...	...	3,15,44,000	+2,15,44,000
37	3,53,000	-1,000	1,39,30,000	+1,30,46,000	2,33,000	88,000	...	3,10,000	-1,30,10,000
38	...	...	...	...	...	...	...	...	...
39	3,53,000	-1,000	1,39,20,000	+1,30,46,000	2,23,000	88,000	...	3,10,000	-1,36,10,000
40	12,69,79,000	-3,24,000	32,83,96,000	-52,49,000	19,74,68,000	13,83,59,000	...	32,58,27,000	-28,09,000
41	35,48,12,000	-8,15,000	1,10,30,04,000	-4,79,01,000	54,57,41,000	35,66,05,000	...	1,20,34,06,000	+93,12,000

Rupees at £1 = Rs. 13½.

C.—Statement of Receipts and Disbursements of the

RECEIPTS.	Accounts, 1932-33.		
	India.	England.	TOTAL.
	Rs.	Rs.	Rs.
Revenue (from Statement A)	1,25,00,55,762	1,39,65,212	1,26,40,20,974
Exchange	—46,106	...	—46,106
TOTAL	1,25,00,09,656	1,39,65,212	1,26,39,74,868
Railway Capital not charged to Revenue—			
As per Railway Budget	54,137	1,03,40,000	1,03,94,137
Public Debt Incurred—			
Permanent Debt—			
<i>Sterling Debt—</i>			
6 per cent. Bonds	...	5,14,902	
5½ per cent. Stock	...	13,12,697	
5 per cent. Stocks 1942-47	...	12,69,19,070	
4½ per cent. Stock	...	21,33,426	
4 per cent. Stock 1948-53	...	...	
3½ per cent. Stock 1954-59	...	...	
<i>Rupee Debt—</i>			
5½ per cent. Loan 1938-40	19,13,89,900	...	
5 per cent. Loan 1940-43	25,18,47,800	...	
4 per cent. Loan 1960-70	33,80,55,700	...	
4 per cent. Bonds 1943	14,97,17,700	...	
3½ per cent. Loan 1947-50	...	...	
Other 3½ per cent. Loans	1,89,22,800	...	
TOTAL	94,99,33,900	13,08,80,095	1,08,08,13,995
Floating Debt—			
Treasury Bills—			
Issued to Public	1,21,57,25,000	...	
Issued to Paper Currency Reserve	1,34,84,15,000	...	
Temporary Loans	34,75,00,000	...	
TOTAL	2,91,16,40,000	...	2,91,16,40,000
Unfunded Debt—			
Deposits of Service Funds	8,73,407	16,46,503	
Post Office Cash Certificates	15,74,49,949	...	
Savings Bank Deposits	43,76,94,916	...	
TOTAL	59,60,18,272	16,46,503	59,76,64,775
Carried over	5,70,76,55,965	15,68,81,810	

* Sterling converted into

Central Government, in India and in England.

REVISED ESTIMATE, 1933-34.			BUDGET ESTIMATE, 1934-35.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1,16,39,36,000 —51,000	2,92,09,000 ...	1,19,31,45,000 —51,000	1,17,53,50,000 ...	2,89,71,000 ...	1,20,43,21,000 ...
1,16,38,85,000	2,92,09,000	1,19,30,94,000	1,17,53,50,000	2,89,71,000	1,20,43,21,000
...	...	...	...	...	...
...	1,72,000	...	...	...	...
...	13,96,000	...	...	14,85,000	...
...	5,27,000	...	...	5,57,000	...
...	22,50,000	...	...	23,71,000	...
...	15,60,93,000	...	...	1,91,000	...
...	9,13,33,000	...	...	3,80,66,000	...
...	...	...	...	...	...
...	...	...	...	...	...
...	...	...	...	...	...
...	...	...	...	...	...
...	...	...	...	...	...
30,81,74,000 3,43,900	...	...	4,28,000	...	...
30,85,17,000	25,17,71,000	56,02,88,000	4,28,000	4,26,70,000	4,30,98,000
...	...	...	...	...	...
1,08,89,00,000 1,59,43,25,000 54,50,00,000	...	...	1,00,00,00,000 33,05,10,000 ...	...	...
3,22,82,25,000	..	3,22,82,25,000	1,33,05,10,000	...	1,33,05,10,000
560,000 000	17,85,000	...	8,43,000	19,20,000	...
47,26,30,000	...	...	12,00,00,000	...	...
60,44,90,000	17,85,000	60,62,75,000	45,29,36,000	...	...
5,80,51,17,000	28,27,65,000	...	57,37,79,000	19,20,000	57,56,99,000
...	...	...	3,08,00,67,000	7,35,67,000	...

Rupees at £1 = Rs. 13½.

C.—Statement of Receipts and Disbursements of the

RECEIPTS— <i>contd.</i>	Accounts, 1932-33.		
	India.	England.	TOTAL.
	Rs.	Rs.	Rs.
Brought forward	5,70,76,55,965	15,68,31,810	
Deposits and Advances—			
Provincial Loans Fund	18,42,53,359	...	
Posts and Telegraphs Depreciation Fund	36,95,661	...	
Deposits of Local Funds—			
District Funds	15,62,21,480	...	
Other Funds	9,82,62,020	...	
Sinking Funds for Central Loans	2,16,00,497	...	
Other Appropriations for Reduction or Avoidance of Debt	5,05,85,000	...	
Sinking Fund Investment Account	6,46,83,588	...	
Sinking funds for Loans granted to Local Bodies	4,62,999	...	
Gold Standard Reserve	...	98,48,97,509	
Paper Currency Reserve	...	...	
Deposits of Branch Line Companies	3,82,611	...	
Road Development Fund	1,01,77,189	...	
Post Office Cash Certificate Bonus Fund	1,25,59,561	...	
Fund for reconstruction of Earthquake damage	...	...	
Departmental and Judicial Deposits	94,69,97,211	...	
Advances	30,41,73,049	1,49,857	
Discount Sinking Fund	50,85,000	...	
Gain or loss on revaluation, sale, transfer, etc., of assets of Paper Currency Reserve	13,07,203	...	
Suspense	2,13,98,584	59,43,272	
Exchange on Remittance Account	...	...	
Miscellaneous	86,10,867	2,01,95,283	
Defence Reserve Fund	14,76,933	...	
TOTAL	1,89,19,32,812	96,11,85,921	2,85,31,18,733
Railway Depreciation and Reserve Funds as per Railway Budget	13,77,30,610	...	13,77,30,610
Carried over	7,73,73,19,387	1,11,80,17,731	

* Sterling converted into

Central Government, in India and in England—*contd.*

REVISED ESTIMATE, 1933-34.			BUDGET ESTIMATE, 1934-35.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
5,30,51,17,000	28,27,65,000		3,08,00,67,000	7,35,61,000	
17,45,00,000	...		16,61,00,000	...	
44,03,000	...		8,72,000	...	
15,70,54,000	...		15,76,42,000	...	
9,89,86,000	...		9,70,66,000	...	
1,97,19,000	...		1,43,50,000	...	
1,22,29,000	...		1,63,29,000	...	
8,62,14,000	...		...	...	
2,50,000	...		...	...	
...	1,17,50,14,000		...	1,47,40,00,000	
...	16,24,38,000		...	68,13,34,000	
1,80,000	...		65,000	...	
1,17,00,000	...		1,18,00,000	...	
70,00,000	...		1,10,00,000	...	
1,28,89,000	...		...	...	
92,60,49,000	...		85,13,08,000	...	
84,30,31,000	3,48,000		35,27,15,000	63,000	
76,56,000	...		89,06,000	...	
21,00,000	...		...	...	
3,90,24,000	74,55,000		3,93,19,000	2,89,000	
4,01,000	...		...	...	
1,57,91,000	1,93,55,000		72,000	1,84,54,000	
8,49,000	...		...	...	
1,87,00,25,000	1,36,46,10,000	3,23,46,35,000	1,72,75,44,000	2,17,41,40,000	3,90,16,84,000
13,60,00,000	...	13,60,00,000	13,65,00,000	...	13,65,00,000
7,31,11,42,000	1,64,73,75,000		4,94,41,11,000	2,24,77,01,000	

Rupees at £1=Rs. 13½.

C.—Statement of Receipts and Disbursements of the

RECEIPTS— <i>conold.</i>	ACCOUNTS, 1932-33.		
	India.	England.	TOTAL.
	Rs.	Rs.	Rs.
Brought forward	7,73,73,19,387	1,11,87,17,731	
Loans and Advances by the Central Government—			
Advances to Provincial Loans Fund	...	...	
Other Loans and Advances	82,95,430	...	
TOTAL	82,95,430	.	82,95,430
Remittances—			
I.—Remittances within India—			
Inland Money Orders	78,74,59,734	...	
Other Local Remittances	...	...	
Other Departmental Accounts	...	...	
Net Receipts by Civil Treasuries from—			
Railways	8,93,22,913	..	
Posts and Telegraphs	11,72,46,145	...	
Net Receipts from Civil Treasuries by—			
Defence Services	32,72,85,660	...	
II.—Remittances between England and India—			
Remittance Account—			
Iraq drawings	...	19,66,000	
Sale of Sterling	...	...	
Sale of Silver	...	2,77,03,006	
Other transactions	1,65,95,628	1,74,81,435	
Sterling purchased in India	...	47,64,40,024	
Sterling obtained in London	...	1,61,73,303	
Transfers through the Gold Standard Reserve	20,70,26,667	...	
Transfers through the Paper Currency Reserve	...	...	
TOTAL	1,54,49,36,747	53,57,63,768	2,08,07,00,515
Balances of Provincial Governments	6,16,54,827	...	6,16,54,827
TOTAL RECEIPTS	9,35,22,06,391	1,65,37,81,499	
Opening Balance	12,69,10,744	(a) 21,15,92,561	
GRAND TOTAL	9,47,91,17,135	1,86,53,14,060	

* Sterling converted into Rupees at £1 = Rs. 13½.

(a) Of this amount, £ 29 represents funds of the Gold Standard Reserve.

GENERAL BUDGET AS PRESENTED.

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Central Government, in India and in England—*contd.*

REVISED ESTIMATE, 1923-34.			BUDGET ESTIMATE, 1934-35.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
7,31,11,42,000	1,64,73,75,000		4,94,41,11,000	2,24,77,01,000	
1,32,00,000	...		...	...	
1,73,79,000	...		84,08,000	...	
3,05,79,000	...	3,05,79,000	84,08,000	...	84,08,000
77,02,80,000	...		81,84,00,000	...	
23,73,000	...		24,29,000	...	
3,00,08,000	...		2,99,85,000	...	
11,96,98,000	...		9,84,39,000	...	
11,32,14,000	...		6,72,36,000	...	
32,03,04,000	...		32,14,30,000	...	
...	76,00,000		...	73,32,000	
...	5,07,85,000		...	...	
1,34,11,000	2,15,41,000		1,47,65,000	1,44,17,000	
...	49,94,94,000		...	55,60,00,000	
...	5,06,000		...	...	
15,50,14,000	...		...	...	
16,24,38,000	...		...	...	
1,68,67,40,000	57,99,26,000	2,26,66,66,000	1,35,26,83,000	37,77,49,000	1,73,04,32,000
2,90,42,000	...	2,90,42,000	2,90,69,000	...	2,90,69,000
9,05,75,03,000	2,22,73,01,000		6,33,42,71,000	2,62,54,50,000	
14,58,99,614	(b) 13,19,33,830		13,43,92,614	(b) 7,10,26,230	
9,20,34,02,614	2,35,92,34,230		6,46,86,63,614	2,69,64,76,230	

* Sterling converted into Rupees at 21=Rs. 134.

(b) Of this amount, £887 represents funds of the Gold Standard Reserve.

C.—Statement of Receipts and Disbursements of the

DISBURSEMENTS.	ACCOUNTS, 1932-33.		
	India.	England.	TOTAL.
	Rs.	Rs.	Rs.
Expenditure (from Statement B)	88,57,34,467	35,38,80,006	1,24,96,14,478
Exchange	—11,58,797	...	—11,58,797
TOTAL	88,45,75,670	35,38,80,006	1,24,84,55,676
Irrigation, Posts and Telegraphs and other Capital Outlay not charged to Revenue—			
SECURITY PRINTING PRESS	1,107	...	1,107
IRRIGATION, ETC., WORKS	...	...	...
POSTS AND TELEGRAPHS	14,81,501	...	14,81,501
VIZAGAPATAM PORT	49,51,694	2,90,508	52,42,202
LIGHT-HOUSES AND LIGHT-SHIPS	—77	77	...
CURRENCY	—3,83,512	...	—3,83,512
INITIAL EXPENDITURE ON NEW CAPITAL AT DELHI	...	...	...
PAYMENT OF COMMUTED VALUE OF PENSIONS	78,88,729	...	78,88,729
PAYMENTS TO RETRENCHED PERSONNEL	12,63,541	...	12,63,541
TOTAL	1,52,02,983	2,90,585	1,54,93,568
RAILWAY CAPITAL NOT CHARGED TO REVENUE—			
As per Railway Budget	—93,45,967	1,24,83,398	81,37,431
Public Debt Discharged—			
Permanent Debt—			
<i>Sterling Debt—</i>			
6 p. c. Bonds, 1932-33	...	6,27,36,000	
Do. 1933-34	...	...	
Do. 1933-35	...	5,78,20,000	
5½ p. c. Stock	...	5,00,821	
Redemption of liability assumed in respect of British War Loan, 1920-47	...	...	
State Railway Annuities	...	2,20,89,849	
Do. do. Sinking Funds	...	26,66,667	
<i>Rupee Debt—</i>			
6½ p. c. Treasury Bonds, 1935	...	...	
6 p. c. Bonds, 1933-36	20,74,38,200	...	
Other 6 p. c. Bonds	14,62,86,300	...	
5½ p. c. War Bonds	1,26,200	...	
5 p. c. Loan, 1915-55	4,07,500	...	
5 p. c. Loan, 1929-47	15,55,32,000	...	
5 p. c. Loan, 1939-44	44,73,400	...	
5 p. c. Bonds, 1935	...	...	
5 p. c. Bonds, 1933	17,15,68,100	...	
4½ p. c. Bonds, 1934	...	...	
4½ p. c. Holkar State Railway Loan	...	...	
4 p. c. Conversion Loan, 1916-17	...	...	
4 p. c. Terminable Loan	3,300	...	
Other Loans	2,20,76,500	...	
TOTAL	70,78,76,500	14,57,63,337	85,36,39,837
Carried over	1,59,83,09,186	52,24,17,328	

* Sterling converted into

Central Government, in India and in England—*contd.*

REVISED ESTIMATE, 1933-34.			BUDGET ESTIMATE, 1934-35.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
83,88,97,000	35,48,12,000	1,19,37,09,000	84,57,41,000	35,66,65,000	1,20,24,06,000
—6,15,000	...	—6,15,000	...	...	...
83,82,82,000	35,48,12,000	1,19,30,94,000	84,57,41,000	35,66,65,000	1,20,24,06,000
—1,11,000	...	—1,11,000	—1,15,000	...	—1,15,000
...	...	...	...	...	...
15,67,000	2,000	15,69,000	39,70,000	...	39,70,000
48,50,000	1,30,000	49,80,000	17,71,000	75,000	18,46,000
—2,000	2,000	...	—1,000	1,000	...
—4,14,000	...	—4,14,000	—85,000	...	—85,000
9,99,000	1,000	10,00,000	67,67,000	...	67,67,000
85,47,000	...	85,47,000	49,56,000	...	49,56,000
2,90,000	...	2,90,000	—3,86,000	...	—3,86,000
1,57,26,000	1,35,000	1,58,61,000	1,69,27,000	76,000	1,70,03,000
—75,04,000	1,20,27,000	45,23,000	2,06,00,000	1,72,00,000	4,68,00,000
...	19,000	...	...	...	...
...	13,28,67,000	...	...	...	...
...	3,49,06,000	...	...	...	...
...	28,000	...	...	...	...
...	...	...	...	84,59,000	...
...	2,28,07,000	...	...	2,36,02,000	...
...	26,67,000	...	...	26,67,000	...
84,46,000	...	...	...	...	...
8,89,00,000	...	...	5,00,000	...	...
11,20,000	...	...	3,70,000	...	...
1,80,000	...	...	1,25,000	...	...
...	...	...	...	...	...
4,02,00,000	...	...	6,00,000	...	...
...	...	...	...	...	...
1,39,75,000	...	...	...	...	...
4,22,00,000	...	...	...	...	...
12,97,55,000	...	...	5,00,000	...	...
20,00,000	...	...	12,90,00,000	...	...
9,86,00,000	...	...	10,00,000	...	...
7,000	...	...	2,00,000	...	...
4,07,000	...	...	5,000	...	...
42,57,50,000	19,32,94,000	61,90,44,000	5,00,000	...	...
1,27,22,54,000	56,02,68,000	1,83,25,22,000	13,28,00,000	3,47,28,000	16,75,28,000
			1,02,50,68,000	40,86,69,000	

Rupees at 21 = Rs. 13½.

C.—Statement of Receipts and Disbursements of the

DISBURSEMENTS—contd.	ACCOUNTS, 1932-33.		
	India.	England.	TOTAL.
	Rs.	Rs.	Rs.
Brought forward	1,59,83,09,186	52,24,17,326	
Floating Debt—			
Treasury Bills—			
Issued to Public	1,43,01,25,000	...	
Do. Paper Currency Reserve	1,49,02,80,000	...	
Temporary Loans	44,25,00,000	...	
TOTAL	3,36,29,05,000	...	3,36,29,05,000
Unfunded Debt—			
Special Loans	17,268	...	
Deposits of Service Funds	13,45,343	2,30,216	
Post Office Cash Certificates	4,68,38,771	...	
Savings Bank Deposits	34,82,58,818	...	
TOTAL	39,64,60,200	2,30,216	39,66,90,416
Deposits and Advances—			
Provincial Loans Fund	18,39,54,807	...	
Posts and Telegraphs Depreciation Fund	4,86,910	...	
Deposits of Local Funds—			
District Funds	15,36,78,326	...	
Other Funds	9,70,79,648	...	
Sinking Funds for Central Loans	52,12,055	...	
Other Appropriations for Reduction or Avoidance of Debt	7,48,314	...	
Sinking Fund Investment Account	5,67,34,866	...	
Sinking Funds for Loans granted to Local Bodies	...	...	
Gold Standard Reserve	...	93,48,85,938	
Paper Currency Reserve	...	...	
Deposits of Branch Line Companies	2,67,320	...	
Road Development Fund	1,38,43,454	...	
Fund for reconstruction of Earthquake damage	...	...	
Departmental and Judicial Deposits	95,51,65,623	...	
Advances	29,91,59,580	3,49,109	
Discount Sinking Fund	4,03,03,094	...	
Gain or loss on revaluation, sale, transfer, etc., of assets of Paper Currency Reserve	4,51,66,428	...	
Suspense	1,24,71,048	3,03,087	
Exchange on Remittance Account	...	...	
Miscellaneous	68	2,01,80,127	
Defence Reserve Fund	...	...	
TOTAL	1,86,42,71,541	95,57,18,261	2,81,99,89,802
Railway Depreciation and Reserve Funds as per Railway Budget	16,57,63,634	...	16,57,63,634
Carried over	7,38,77,09,561	1,47,83,65,803	

* Sterling converted into

Central Government, in India and in England—*contd.*

REVISED ESTIMATE, 1933-34.			BUDGET ESTIMATE, 1934-35.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1,27,22,54,000	56,02,68,000		1,02,50,68,000	40,86,69,000	
1,04,98,25,000	...		1,00,00,00,000	...	
1,77,16,20,000	...		33,05,10,000	...	
54,60,00,000	...		...	...	
3,36,64,45,000	...	3,36,64,45,000	1,33,05,10,000	...	1,33,05,10,000
88,000	...		17,000	...	
12,44,000	2,49,000		12,44,000	2,76,000	
5,30,00,000	...		6,50,00,000	...	
32,71,32,000	...		33,26,24,000	...	
38,14,64,000	2,49,000	38,17,13,000	39,88,85,000	2,76,000	39,91,61,000
17,37,00,000	...		16,50,00,000	...	
7,69,000	...		8,72,000	...	
15,35,96,000	...		15,62,39,000	...	
9,87,61,000	...		9,67,60,000	...	
1,57,34,000	...		...	...	
...	...		...	...	
2,17,05,000	...		...	...	
98,00,000	...		...	...	
...	1,17,50,14,000		...	1,47,40,00,000	
...	16,24,38,000		...	68,13,34,000	
2,00,000	...		60,000	...	
1,03,00,000	...		1,04,00,000	...	
...	...		75,00,000	...	
93,24,54,000	...		84,89,81,000	...	
33,66,22,000	3,46,000		34,63,98,000	63,000	
1,89,09,000	...		...	...	
8,09,50,000	...		4,85,000	...	
5,01,69,000	73,93,000		3,30,51,000	2,24,000	
4,01,000	...		...	...	
...	1,93,95,000		...	1,84,54,000	
...	...		49,75,000	...	
1,90,40,70,000	1,36,45,86,000	3,26,86,56,000	1,87,06,61,000	2,17,40,75,000	3,84,47,36,000
13,87,11,000	...	13,87,11,000	14,00,22,000	...	41,00,22,000
7,06,29,44,000	1,92,51,03,000		4,66,51,46,000	2,58,80,20,000	

Rupees at 21 = Rs. 134.

C.—Statement of Receipts and Disbursements of the

DISBURSEMENTS— <i>consolid.</i>	Accounts, 1932-33.		
	India.	* England.	TOTAL.
	Rs.	Rs.	Rs.
Brought forward	7,38,77,09,561	1,47,83,65,803	
Loans and Advances by the Central Government—			
Advances to Provincial Loans Fund	6,11,52,000	...	
Other Loans and Advances	1,63,06,682	...	
TOTAL	7,74,58,682	...	7,74,58,682
Remittances—			
I.—Remittances within India—			
Inland Money Orders	78,79,90,388	...	
Other Local Remittances	19,20,825	...	
Other Departmental Accounts	95,948	...	
Net Payments into Civil Treasuries by—			
Railways	9,29,44,767	...	
Posts and Telegraphs	11,71,02,051	...	
Net Issues from Civil Treasuries to—			
Defence Services	32,88,03,955	...	
II.—Remittances between England and India—			
Remittance Account—			
Iraq drawings	19,66,000	...	
Sale of Sterling	...	...	
Sale of Silver	2,37,03,006	...	
Other transactions	2,09,09,535	1,23,15,016	
Sterling purchased in India	47,64,40,000	...	
Sterling obtained in London	1,61,73,303	...	
Transfers through the Gold Standard Reserve	..	20,70,26,667	
Transfers through the Paper currency Reserve	...	...	
TOTAL	1,86,80,49,278	21,93,41,683	2,08,73,90,961
Balances of Provincial Governments	...	3,56,73,344	3,56,73,344
TOTAL DISBURSEMENTS	9,33,32,17,521	1,73,33,80,830 (b)	
Closing Balance	14,58,99,614	13,19,33,230	
GRAND TOTAL	9,47,91,17,135	1,86,53,14,060	

*Sterling converted into Rupees at £1=Rs. 13½.

(a) Of this amount, £ 20 represents funds of the Gold Standard Reserve.

Central Government, in India and in England—*concl'd.*

REVISED ESTIMATE, 1933-34.			BUDGET ESTIMATE, 1934-35.		
India.	* England.	TOTAL.	India.	* England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
7,06,29,44,000	1,92,51,03,000		4,56,51,46,000	2,58,30,20,000	
5,00,00,000	...		6,00,00,000	...	
2,02,44,000	...		2,33,03,000	...	
7,02,44,000	...	7,02,44,000	8,33,03,000	...	8,33,03,000
77,03,00,000	...		81,81,00,000	...	
23,02,000	...		23,12,000	...	
3,00,78,000	...		3,00,88,000	...	
11,96,98,000	...		9,84,38,000	...	
11,32,14,000	...		6,72,36,000	...	
32,03,04,000	...		32,14,30,000	...	
76,00,000	..		73,32,000	...	
...	...		...	...	
5,07,85,000	...		...	...	
2,15,41,000	1,34,11,000		1,44,17,000	1,47,65,000	
49,94,94,000	...		35,60,00,000	...	
5,06,000	...		...	...	
...	15,50,14,000		...	...	
...	16,24,38,000		...	...	
1,93,58,22,000	33,08,63,000	2,26,66,85,000	1,71,53,53,000	1,47,65,000	1,73,01,18,000
..	3,22,42,000	3,22,42,000	...	3,15,69,000	3,15,69,000
9,06,90,10,000	2,28,82,08,000		6,36,38,02,000	2,62,93,54,000	
13,43,92,614	(b) 7,10,26,230		10,48,61,614	(b) 6,71,22,230	
9,20,34,02,614	2,35,92,34,230		6,48,86,63,614	2,69,64,76,230	

*Sterling converted into Rupees at 2 1/-Rs. 13 1/2.
(a) of this amount, £ 29 represents funds of the Gold Standard Reserve.

D.—Abstract Statement of the Receipts and Disbursements of the Central Government, in India and in England.

Revenue and Expenditure.	ACCOUNTS, 1932-33.		REVISED ESTIMATE, 1933-34.		BUDGET ESTIMATE, 1934-35.	
	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Principal Heads of Revenue—						
Customs	51,02,23,068	...	45,57,92,000	...	47,47,42,000	...
Taxes on Income	17,19,81,064	...	16,30,08,000	...	16,39,97,000	...
Salt	8,95,83,647	...	7,40,74,000	...	7,57,92,000	...
Opium	5,98,673	...	87,06,000	...	52,79,000	...
Other Heads	1,27,10,045	...	1,26,54,000	...	1,23,99,000	...
TOTAL	78,60,96,617	...	71,72,34,000	...	73,22,09,000	...
Forest and other Capital Outlay charged to Revenue	...	2,37,450	...	1,46,000	...	1,46,000
Irrigation	...	3,76,265	...	3,97,000	...	5,92,000
Railways	...	...	...	...	...	...
Posts and Telegraphs	...	46,46,603	...	55,43,000	...	18,54,000
Debt Services	...	16,57,99,631	...	11,07,00,000	...	11,47,30,000
Civil Administration	...	8,82,11,329	...	8,31,20,000	...	8,80,34,000
Currency and Mint	1,64,96,181	...	62,46,000	...	60,68,000	...
Civil Works	...	1,68,79,038	...	1,82,66,000	...	1,78,10,000
Miscellaneous	...	3,30,29,308	...	3,56,84,000	...	3,75,37,000
Defence Services	...	46,74,00,000	...	44,42,47,000	...	44,38,00,000
Provincial Contributions and Miscellaneous Adjustments between Central and Provincial Governments	...	96,05,073	...	1,00,00,000	...	3,15,44,000
Extraordinary Items	...	13,89,765	...	1,03,57,000	...	3,10,000
TOTAL	80,15,92,648	78,60,73,456	72,34,80,000	72,34,80,000	73,82,72,000	73,63,57,000

D.—Abstract Statement of the Receipts and Disbursements of the Central Government, in India and in England—concl'd.

Revenue and Expenditure.	Accounts, 1932-33.		REVISED ESTIMATE, 1933-34.		BUDGET ESTIMATE, 1934-35.	
	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Surplus or deficit	1,55,19,192	...	...	...	19,15,000	..
Capital Account—						
Capital outlay on Security Printing Press	...	1,107	...	—1,11,000	...	—1,15,000
Railway Capital not charged to Revenue	...	—72,56,706	...	45,23,000	...	4,68,00,000
Construction of Irrigation, etc., Works	...	...	...	...	..	...
Capital outlay on Posts and Telegraphs	...	14,81,501	...	15,60,000	...	39,70,000
Capital outlay on Vizagapatam Port	...	52,42,202	...	49,80,000	...	18,46,000
Capital outlay on Light-houses and Light-ships	...	...	...	...	...	...
Currency Capital outlay	...	—3,53,513	...	—4,11,000	...	—85,000
Initial expenditure on New Capital at Delhi	...	...	...	10,00,000	...	67,67,000
Payment of commuted value of pensions	...	78,88,729	...	85,47,000	...	43,56,000
Payments to Retrenched Personnel	...	12,03,541	...	2,90,000	..	—3,36,000
Debt, Deposits, Advances and Remittances—						
Permanent Debt	33,71,74,154	..	...	5,67,56,000	...	12,44,30,000
Floating Debt	...	45,12,65,000	...	13,82,20,000	...	...
Unfunded Debt	20,00,74,359	...	22,45,63,000	...	17,65,38,000	...
Deposits and Advances	50,95,905	...	...	3,07,33,000	5,34,26,000	..
Loans and Advances by Central Government	...	6,91,63,52	...	3,98,65,000	...	7,43,95,600
Remittances	...	60,90,448	...	19,000	3,14,000	...
Balances of Provincial Governments	3,59,51,435	...	...	33,00,000	...	25 00,000
Opening Balance	33,84,43,305	...	27,78,32,844	...	30,54,18,544	...
Closing Balance	..	37,78,32,844	...	20,54,18,514	...	17,19,53 844
TOTAL	61,31,88,404	61,31,88,404	51,33,94,844	50,28,94,514	47,76,11,514	43,76,11,814

THE INDIAN FINANCE BILL, 1934.

INTRODUCED IN THE LEGISLATIVE ASSEMBLY ON THE 27TH FEBRUARY, 1934.

A Bill to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary certain duties leviable under the Indian Tariff Act, 1894, to fix maximum rates of postage under the Indian Post Office Act, 1898, to fix rates of income-tax and super-tax, further to amend the Indian Paper Currency Act, 1923, and to vary the excise duty on silver leviable under the Silver (Excise Duty) Act, 1930.

WHEREAS it is expedient to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary certain duties leviable under the Indian Tariff Act, 1894, to fix maximum rates of postage under the Indian Post Office Act, 1898, to fix rates of income-tax and super-tax, further to amend the Indian Paper Currency Act, 1923, and to vary the excise duty on silver leviable under the Silver (Excise Duty) Act, 1930; It is hereby enacted as follows:—

1. (1) This Act may be called the Indian Finance Act, 1934.

Short title and extent.

(2) It extends to the whole of British India, including British Baluchistan and the Sonthal Parganas.

2. The provisions of section 7 of the Indian Salt Act, 1882, shall, in so far as they enable the Governor General in Council to impose by rule made under that section a duty on salt manufactured in, or imported into, any part of British India other than Burma or Aden, be construed as if, for the year beginning on the 1st day of April, 1934, they imposed such duty at the rate of one rupee and four annas per maund of eighty-two and two-sevenths pounds avoirdupois of salt manufactured in, or imported by land into, any such part, and such duty shall, for all the purposes of the said Act, be deemed to have been imposed by rule made under that section.

Fixation of salt duty.

3. (1) In the Second Schedule to the Indian Tariff Act, 1894,—

Amendments of Schedule II and Schedule III to Act VIII of 1894.

VIII of 1894.

(a) for Item No. 37A, the following item shall be substituted, namely:—

" 37A	CIGARETTES . . .	Ad valorem . . .	25 per cent. plus five rupees and fifteen annas per thousand ;"
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(b) in Item No. 43BB for the words "Six annas" in the fourth column the words "Five annas" shall be substituted; and

(c) for Item No. 221, the following item shall be substituted, namely:—

" 221	TOBACCO, unmanufactured .	Pound Rs. 2-6-0	..	Rs. 1-14-0"
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(2) In the Third Schedule to the Indian Tariff Act, 1894, for the heading "HIDES AND SKINS" the heading "SKINS" shall be substituted, and in Item No. 3 the words "HIDES and" shall be omitted.

(3) Notwithstanding anything contained in section 4 of the Indian Finance Act, 1931, or in section 4 of the Indian Finance (Supplementary and Extending) Act, 1931, the additional duties imposed by those sections shall not be levied on any article chargeable with duty under Item No. 37A of the VIII of 1894. Second Schedule to the Indian Tariff Act, 1894, as amended by this section.

(4) Notwithstanding anything contained in section 4 of the Indian Finance (Supplementary and Extending) Act, 1931, the additional duty imposed by that section shall not be levied on any article chargeable with duty under Item No. 43BB of the Second Schedule to the Indian Tariff Act, VIII of 1894. 1894, as amended by this section.

4. For the year beginning on the 1st day of April, 1934, the Schedule contained in the First Schedule to this Inland postage rates. Act shall be inserted in the Indian Post VI of 1898. Office Act, 1898, as the First Schedule to that Act.

5. (1) Income-tax for the year beginning on the 1st day of April, 1934, shall be charged at the rates specified in Part I of the Second Schedule, increased in each case, except in the case of total incomes of less than two thousand rupees, by one-fourth of the amount of the rate.

(2) The rates of super-tax for the year beginning on the 1st day of April, XI of 1922. 1934, shall, for the purposes of section 55 of the Indian Income-tax Act, 1922, be those specified in Part II of the Second Schedule, increased in each case by one-fourth of the amount of the rate.

(3) For the purposes of the Second Schedule "total income" means total income as determined for the purposes of income-tax or super-tax, as the case XI of 1922. may be, in accordance with the provisions of the Indian Income-tax Act, 1922.

(4) For the purpose of assessing and collecting income-tax on total XI of 1922. incomes of less than two thousand rupees the Indian Income-tax Act, 1922, shall be deemed to be subject to the adaptations set out in Part III of the Second Schedule.

6. In sub-section (7) of section 19 of the Indian Paper Currency Act, X of 1923. Amendment of section 19, Act X of 1923. 1923, for the figures "1934" the figures "1935" shall be substituted.

7. (1) In sub-section (1) of section 3 of the Silver (Excise Duty) Act, 1930, for the words "six annas" the words "five annas" shall be substituted. XVIII of 1930. Excise duty on silver.

(2) In section 5 of the Indian Finance (Supplementary and Extending) Act, 1931,—

(a) for the words "kerosene or silver" the words "or kerosene" shall be substituted; and

(b) the words, brackets and figures "or under the Silver (Excise Duty) Act, 1930," shall be omitted.

SCHEDULE I.

Schedule to be inserted in the Indian Post Office Act, 1898.

[See section 4.]

"THE FIRST SCHEDULE.

INLAND POSTAGE RATES.

[See section 7.]

Letters.

For a weight not exceeding half a tola	One anna.
For a weight exceeding half a tola but not exceeding two and a half tolas	One anna and three pies.
For every two and a half tolas, or fraction thereof, exceeding two and a half tolas	One anna and three pies.

Postcards.

Single	Nine pies.
Reply	One and a half annas.

Book, Pattern and Sample Packets.

For every five tolas or fraction thereof	Nine pies.
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Registered Newspapers.

For a weight not exceeding eight tolas	Quarter of an anna.
For a weight exceeding eight tolas and not exceeding twenty tolas	Half an anna.
For every twenty tolas, or fraction thereof, exceeding twenty tolas	Half an anna.

Parcels.

For a weight not exceeding twenty tolas	Two annas.
For a weight exceeding twenty tolas and not exceeding forty tolas	Four annas.
For every forty tolas or fraction thereof, exceeding forty tolas . .	Four annas".

SCHEDULE II.

[See section 5.]

PART I.

Rates of Income-tax.

- A. In the case of every individual, Hindu undivided family, un-registered firm and other association of individuals not being a registered firm or a company—

Rate.

- (1) When the total income is Rs. 1,000 or upwards, but is less than Rs. 1,500. Two pies in the rupee.
- (2) When the total income is Rs. 1,500 or upwards, but is less than Rs. 2,000. Four pies in the rupee.

- | | |
|--|--|
| (3) When the total income is Rs. 2,000 or upwards, but is less than Rs. 5,000. | Six pies in the rupee. |
| (4) When the total income is Rs. 5,000 or upwards, but is less than Rs. 10,000. | Nine pies in the rupee. |
| (5) When the total income is Rs. 10,000 or upwards, but is less than Rs. 15,000. | One anna in the rupee. |
| (6) When the total income is Rs. 15,000 or upwards, but is less than Rs. 20,000. | One anna and four pies in the rupee. |
| (7) When the total income is Rs. 20,000 or upwards, but is less than Rs. 30,000. | One anna and seven pies in the rupee. |
| (8) When the total income is Rs. 30,000 or upwards, but is less than Rs. 40,000. | One anna and eleven pies in the rupee. |
| (9) When the total income is Rs. 40,000 or upwards, but is less than Rs. 1,00,000. | Two annas and one pie in the rupee. |
| (10) When the total income is Rs. 1,00,000 or upwards . . . | Two annas and two pies in the rupee. |
- B. In the case of every company and registered firm, whatever its total income. Two annas and two pies in the rupee.

PART II.

Rates of Super tax.

	Rate.
In respect of the excess over thirty thousand rupees of total income—	
(1) in the case of every company—	
(a) in respect of the first twenty thousand rupees of such excess	Nil.
(b) for every rupee of the remainder of such excess . . .	One anna in the rupee.
(2) (a) in the case of every Hindu undivided family—	
(i) in respect of the first forty-five thousand rupees of such excess.	Nil.
(ii) for every rupee of the next twenty-five thousand rupees of such excess.	One anna and three pies in the rupee.
(b) in the case of every individual, unregistered firm and other association of individuals not being a registered firm or a company—	
(i) for every rupee of the first twenty thousand rupees of such excess.	Nine pies in the rupee.
(ii) for every rupee of the next fifty thousand rupees of such excess.	One anna and three pies in the rupee.
(c) in the case of every individual, Hindu undivided family, unregistered firm and other association of individuals not being a registered firm or a company—	
(i) for every rupee of the next fifty thousand rupees of such excess.	One anna and nine pies in the rupee.
(ii) for every rupee of the next fifty thousand rupees of such excess.	Two annas and three pies in the rupee.
(iii) for every rupee of the next fifty thousand rupees of such excess.	Two annas and nine pies in the rupee.
(iv) for every rupee of the next fifty thousand rupees of such excess.	Three annas and three pies in the rupee.
(v) for every rupee of the next fifty thousand rupees of such excess.	Three annas and nine pies in the rupee.
(vi) for every rupee of the next fifty thousand rupees of such excess.	Four annas and three pies in the rupee.

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| (vii) for every rupee of the next fifty thousand rupees of such excess. | Four annas and nine pies in the rupee. |
| (viii) for every rupee of the next fifty thousand rupees of such excess. | Five annas and three pies in the rupee. |
| (ix) for every rupee of the next fifty thousand rupees of such excess. | Five annas and nine pies in the rupee. |
| (x) for every rupee of the remainder of such excess . . . | Six annas and three pies in the rupee. |

PART III.

Adaptations of the Indian Income-tax Act, 1922, to provide for the summary assessments of income-tax on total incomes of less than Rs. 2,000.

1. The Income-tax Officer may, save where he has served a notice under sub-section (2) of section 22 of the Indian Income-tax Act, 1922, make a summary assessment of the income of an assessee to the best of his judgment, and shall serve on the assessee a notice of demand in a form to be prescribed by the Central Board of Revenue; and such notice shall be deemed to be a notice of demand under section 29 of that Act.

2. Any assessee in respect of whom such summary assessment has been made, may, within thirty days of receipt of the notice of demand, make an application to the Income-tax Officer for the cancellation or revision of the assessment, and the Income-tax Officer shall, after examining any accounts and documents and hearing any evidence which the assessee may produce, and such other evidence as the Income-tax Officer may require, determine, by order in writing, the amount of the tax, if any, payable by the assessee, and such determination shall be final:

Provided that, if any assessee making such application files therewith a return of his income under sub-section (2) of section 22 of the Indian Income-tax Act, 1922, the application shall be deemed to be a return under that sub-section and shall be dealt with accordingly.

3. A copy of an order under paragraph 2 shall be served on the assessee to whom it relates and shall be deemed to be a notice of demand under section 29 of the Indian Income-tax Act, 1922.

4. The above procedure shall apply also to the assessment and collection during the financial year 1934-35 of incomes of Rs. 1,000 and upward and less than Rs. 2,000 which have escaped assessment in the financial year 1933-34.

STATEMENT OF OBJECTS AND REASONS.

The object of this Bill is to continue for a further period of one year certain duties and taxes imposed under the Indian Finance Act, 1933, which would otherwise cease to have effect from the 1st April 1934; to modify the rates of import duty on cigarettes; to increase the import duty on unmanufactured tobacco; to reduce the import and excise duties on silver; to abolish the export duty on hides; to reduce the postage on letters not exceeding half a tola in weight; and to increase the minimum charge on book, pattern and sample packets.

2. Clauses 2, 5 and 6 provide for the continuance for a further period of one year of the existing provisions regarding salt duty, rates of income-tax and super-tax and the credit to revenue of interest on securities forming part of the Paper Currency Reserve. The duty of Rs. 1-4-0 per maund on salt remains liable to the additional duty imposed by Section 5 of the Indian Finance (Supplementary and Extending) Act, 1931.

As it is proposed to retain the tax on incomes of Rs. 1,000 and upwards and below Rs. 2,000 per annum, clause 5 (4) provides for the continuance of the existing procedure for the assessment of such incomes which has already been approved by the Legislature.

3. Clause 3 provides for the following alterations in customs tariff:—

(i) The present import duty on cigarettes is as follows:—

(a) Cigarettes of value not exceeding Rs. 6 per thousand	Rs. 8-8-0	per thousand.
(b) Cigarettes of value not exceeding Rs. 10-8-0 per thousand	Rs. 10-10-0	per thousand (including surcharge).
(c) Cigarettes of value exceeding Rs. 10-8-0 per thousand	Rs. 15 per thousand	(including surcharge).

The Bill provides for a uniform duty of 25 per cent. *ad valorem plus* Rs. 5-15-0 per thousand without any surcharge.

(ii) The import duty on unmanufactured tobacco is proposed to be raised by six annas per pound; the standard rate of duty will thus be Rs. 2-6-0 per pound and the preferential rate for British Colonies Rs. 1-14-0 per pound.

(iii) The import duty on silver is proposed to be reduced from seven annas six pies per ounce (including surcharge) to five annas per ounce without any surcharge.

(iv) The export duty on hides is proposed to be abolished.

4. Clause 4 provides for the continuance of the present inland postage rates with the following alterations:—

(a) *Letters—for a weight not exceeding half a tola.*—The rate is proposed to be reduced from one anna and three pies to one anna;

(b) *Book, pattern and sample packets.*—The rate for every five tolas or fraction thereof is proposed to be increased from half an anna to nine pies.

5. Clause 7 provides for the reduction of the excise duty on silver corresponding to the reduction in import duty.

6. The reasons for making the above changes have been fully explained in my budget speech.

GEORGE SCHUSTER.

NEW DELHI ;

The 27th February, 1934.

THE SUGAR (EXCISE DUTY) BILL, 1934.

INTRODUCED IN THE LEGISLATIVE ASSEMBLY ON THE 13TH MARCH, 1934.

A Bill to Provide for the imposition and collection of an excise duty on sugar.

WHEREAS it is expedient to impose an excise duty on sugar produced in factories and to provide for the collection thereof ; It is hereby enacted as follows :—

Short title and extent.

1. (1) This Act may be called the Sugar (Excise-Duty) Act, 1934.

(2) It extends to the whole of British India, including British Baluchistan and the Sonthal Parganas.

Definitions.

2. In this Act, unless there is anything repugnant in the subject or context,—

(a) “ factory ” means any premises wherein, or within the precincts of which, twenty or more workers are working or were working on any day of the preceding twelve months, and in any part of which any manufacturing process connected with the production of sugar is being carried on or is ordinarily carried on with the aid of power ;

(b) “ owner ” includes any person expressly or impliedly authorized by the owner of a factory to be his agent in respect of such factory ; and

(c) “ sugar ” means any form of sugar containing more than ninety per cent. of sucrose.

3. A duty of excise at the rate of one rupee and five annas per cwt. shall be levied on all sugar produced in any factory in British India and either issued out of such factory on or after the 1st day of April, 1934, or used within such factory on or after the said date in the manufacture of any commodity other than sugar, and shall be payable by the owner of the factory.

4 (1) If any duty payable under section 3 is not paid within the time fixed by rules made in that behalf under this Act, it shall be deemed, to be an arrear, and the authority to which such duty is payable may, in lieu thereof, recover any sum not exceeding four times the amount of duty unpaid which such authority may in its discretion think it reasonable to require.

(2) An arrear of duty, or any sum recoverable in lieu thereof under this section, shall be recoverable as an arrear of land revenue and shall be recoverable in addition to, and not in substitution for, any other penalty incurred under this Act.

5. No person shall issue any sugar out of the premises of a factory, except in accordance with the provisions of rules made in that behalf under this Act, or, until such rules are made, in accordance with the general or special orders of the Local Government.

6. (1) The Governor General in Council may, by notification in the Gazette of India, impose on sugar brought into British India from the territory of any State in India, not being territory which has been declared under section 5 of the Indian Tariff Act, 1894, to be foreign territory for the purposes of that section, a duty of customs equivalent to the excise duty imposed by this Act on sugar produced in British India.

VIII of
1894.

(2) The Governor General in Council may, by notification in the Gazette of India, declare that the provisions of the Land Customs Act, 1924, shall apply to the levy of the duty of customs imposed under this section, and on such declaration that Act shall apply as if the expression "foreign territory" in that Act included territory forming part of a state in India.

XIX of
1924.

7. Whoever contravenes the provisions of section 5 shall be punishable with imprisonment which may extend to six months or with fine which may extend to one thousand rupees, or with both.

Penalty for issue of sugar from factory in contravention of section 5.

8. Whoever evades or attempts to evade the payment of any duty payable by him under this Act, or fails to supply any information which he is required by any rule made under this Act to supply, or knowingly supplies false information, shall be punishable with imprisonment which may extend to six months, or with fine which may extend to one thousand rupees, or with both.

Penalty for evasion of duty or failure to supply information.

9. Any Court trying an offence under this Act may order that any sugar, together with the packages or coverings thereof, in respect of which the Court is satisfied that an offence under this Act has been committed, shall be forfeited to His Majesty.

Power of Courts to order forfeiture of sugar.

10. The Governor General in Council may, by notification in the Gazette of India, declare that any of the provisions of the Sea Customs Act, 1878, relating to the levy of and exemption from customs duties, drawback of duty, warehousing, offences and penalties, confiscation, and procedure relating to offences and appeals shall, with such modifications and alterations as he may consider necessary or desirable to adapt them to the circumstances, be applicable in regard to like matters in respect of the duty on sugar imposed by section 3.

Application of the provisions of Act VIII of 1878 to the duty on sugar.

VIII of
1878.

11. (1) The Governor General in Council may, by notification in the Gazette of India, make rules to carry into effect the purposes and objects of this Act.

Power of Governor General in Council to make rules.

(2) In particular, and without prejudice to the generality of the foregoing power, such rules may—

- (a) provide for the assessment and collection of the duty and the authorities by whom functions under this Act are to be discharged, the issue of notices requiring payment, the manner in which the duty shall be payable, and the recovery of arrears ;
- (b) regulate the issue of sugar out of any factory ;

- (c) impose on the owners of factories, and on persons engaged in the sale of sugar, the duty of furnishing information, keeping records and making returns, and prescribe the nature of such information and the form of such records and returns the particulars to be contained therein, and the manner in which they shall be verified ;
- (d) provide for the detention of sugar for the purpose of exacting the duty, the confiscation otherwise than under section 9 of sugar in respect of which breaches of the Act or rules have been committed, and the disposal of sugar so detained or confiscated ;
- (e) authorize and regulate the search of any place or conveyance used for the manufacture, storage or carriage of sugar ; and
- (f) authorize and regulate the composition of offences against or liabilities incurred under the Act and rules.

(3) In making any rule under this section the Governor General in Council may provide that a breach of the rule shall, where no other penalty is provided by this Act, be punishable with imprisonment for any term not exceeding six months, or with fine not exceeding one thousand rupees, or with both imprisonment and fine.

(4) The Governor General in Council may delegate all or any of his powers under this section to a Local Government.

STATEMENT OF OBJECTS AND REASONS.

This Bill is designed to impose an excise duty on sugar produced in factories in British India. The rate of tax is fixed so as to be equal to the excess of the emergency surcharge over the figure by which, according to the Government's calculations, it would have been incumbent upon them to raise the protective duty in exercise of their power under section 4 of the Sugar Industry (Protection) Act, 1932, had the emergency surcharge not been in force.

2. The administration of the duty will be entrusted to the Local Governments, working as agents for the Government of India ; but the Bill has been so drafted as to render it possible to revise this arrangement at a later stage.

3. Following the precedent of the Cotton Duties Act, Indian States in which sugar is produced will be invited to impose, for their own benefit, a corresponding excise duty, so as to maintain fair competition. Power is taken to recover duty on sugar imported from States that do not agree to this proposal, but it is hoped that no state in which sugar is produced will adopt that attitude.

GEORGE SCHUSTER.

NEW DELHI ;

The 27th February, 1934.

THE MATCHES (EXCISE DUTY) BILL, 1934.

INTRODUCED IN THE LEGISLATIVE ASSEMBLY ON THE 13TH MARCH 1934.

A Bill to provide for the imposition and collection of an excise duty on matches.

WHEREAS it is expedient to impose an excise duty on matches, to provide for the collection thereof, and to alter the duty of customs leviable on matches under the Indian Tariff Act, 1894 ; It is hereby enacted as follows :—

VIII of
1894.

Short title and extent. 1. (1) This Act may be called the Matches (Excise Duty) Act, 1934.

(2) It extends to the whole of British India, including British Baluchistan and the Sonthal Parganas.

Definitions. 2. In this Act, unless there is anything repugnant in the subject or context,—

(a) “manufactory” means any premises wherein matches are manufactured, and

(b) “owner” includes any person expressly or impliedly authorized by an owner of a manufactory to be his agent in respect of the manufactory.

3. A duty of excise at the rates specified in section 4 shall be levied on all matches manufactured in any manufactory in British India and issued out of such manufactory on or after the 1st day of April, 1934, and shall be payable by the owner of the manufactory.

Rates of duty. 4. The duty payable under section 3 shall be levied at the following rates, namely :—

(a) in the case of matches in boxes containing on an average not more than eighty in a box, at the rate of two rupees and four annas per gross of boxes ;

(b) in the case of matches in boxes containing on an average more than eighty in a box, at a rate per gross of boxes calculated at nine annas for every twenty matches or fraction thereof in the box ; and

(c) in the case of matches not in boxes, including matches in booklets, at such rate, corresponding as nearly as may be to that specified in clause (a), as the Governor General in Council may prescribe.

5. (1) If any duty payable under section 3 is not paid within the time fixed by rules made in that behalf under this Act, it shall be deemed to be an arrear, and the authority to which such duty is payable may, in lieu thereof, recover any sum not exceeding four times the amount of duty unpaid which such authority may in its discretion think it reasonable to require.

(2) An arrear of duty, or any sum recoverable in lieu thereof under this section, shall be recoverable as an arrear of land revenue and shall be recoverable in addition to, and not in substitution for, any other penalty incurred under this Act.

6. No person shall issue any matches out of a manufactory, except in accordance with the provisions of rules made in that behalf under this Act, or, until such rules are made, in accordance with the general or special orders of the Local Government.

Issue of matches from manufactory.

7. The Governor General in Council may, by notification in the Gazette of India, prohibit absolutely, or with such exceptions as he thinks fit, the bringing of matches into British India from the territory of any specified Prince or Chief in India.

Power of Governor General in Council to prohibit import of matches.

8. The Governor General in Council may, by notification in the Gazette of India, direct that after a date to be specified in the notification every packet, box or booklet of matches issued from a manufactory or kept or offered for sale in British India shall bear a banderol or stamp of such nature and affixed in such manner as may be prescribed by rules made under this Act.

Power of Governor General in Council to direct use of banderols.

9. From such date as may be fixed by the Governor General in Council by notification in the Gazette of India in this behalf, no person shall manufacture matches in British India except under and in accordance with a licence to manufacture issued under this Act.

Prohibition of manufacture of matches without licence.

10. Whoever contravenes the provisions of section 6 shall be punishable with imprisonment which may extend to six months, or with fine which may extend to one thousand rupees, or with both.

Penalty for issue of matches from manufactory in contravention of section 6.

11. (1) Whoever, in contravention of any notification made under section 7, imports, or attempts to import, matches into British India shall be punishable with imprisonment which may extend to six months, or with fine which may extend to four times the amount of the duty which would be payable on the matches if they were liable to duty in British India or to one thousand rupees, whichever is greater, or with both imprisonment and fine.

Penalty for import of matches in contravention of Act.

(2) Whoever abets an offence punishable under sub-section (1) shall, whether such offence is or is not committed in consequence of such abetment, and notwithstanding anything contained in section 116 of the Indian Penal Code, be punished with the punishment provided for the offence.

XLV of
1860.

12. Whoever, in contravention of a direction made under section 8, issues from any manufactory, or keeps or offers for sale, any packet, box or booklet of matches which does not bear a banderol or stamp in accordance with the rules made under this Act shall be punishable with fine which may extend to one thousand rupees or to one rupee for every such packet, box or booklet of matches in respect of which the offence has been committed, whichever is greater.

Penalty for issue or sale of matches without banderol.

13. Whoever, without a licence to manufacture, or in contravention of the terms of such licence, manufactures matches shall be punishable with imprisonment which may extend to six months, or with fine which may extend to one thousand rupees, or with both.

Penalty for manufacture of matches without licence.

14. Whoever evades, or attempts to evade, the payment of any duty payable by him under this Act, or fails to supply any information which he is required under this Act or the rules to supply, or knowingly supplies false information, shall be punishable with imprisonment which may extend to six months, or with fine which may extend to one thousand rupees, or with both.

15. Any Court trying an offence under this Act may order that any matches, together with the boxes, packing or wrappings thereof, in respect of which the Court is satisfied that an offence under this Act has been committed, shall be forfeited to His Majesty.

16. The law for the time being in force relating to Sea Customs and to goods the importation of which is prohibited by section 18 of the Sea Customs Act, 1878, shall apply in respect of matches the importation of which is prohibited by notification made under section 7 of this Act, and the officers of Customs and the officers empowered under the Sea Customs Act, 1878, to perform the duties imposed by that Act on a Customs-Collector and other officers of Customs shall have the same powers in respect of such matches as they have for the time being in respect of goods the importation of which is prohibited by section 18 of the Sea Customs Act, 1878:

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Provided that the penalty for the offence specified in section 167, No. 8, of the Sea Customs Act, 1878, shall, where the offence is committed in relation to matches the importation of which is prohibited under section 7 of this Act, be a penalty of confiscation only, and such penalty of confiscation shall not be inflicted under section 167, No. 8, of the Sea Customs Act, 1878, in any case where the person concerned in the offence is sent for trial under section 11 of this Act.

17. The Governor General in Council may, by notification in the Gazette of India, declare that any of the provisions of the Sea Customs Act, 1878, relating to the levy of and exemption from customs duties, drawback of duty, warehousing, offences and penalties, confiscation, and procedure relating to offences and appeals shall, with such modifications and alterations as he may consider necessary or desirable to adapt them to the circumstances, be applicable in regard to like matters in respect of the duty on matches imposed by section 3.

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878.

18. (1) The Governor General in Council may, by notification in the Gazette of India, make rules to carry into effect the purposes and objects of this Act.

(2) In particular, and without prejudice to the generality of the foregoing power, such rules may—

- (a) prescribe the rate of the duty to be paid on matches not in boxes under clause (c) of section 4 ;
- (b) provide for the assessment and collection of the duty and the authorities by whom functions under this Act are to be discharged, the issue of notices requiring payment, the manner in which the duty shall be payable, and the recovery of arrears ;

- (c) provide for the distinguishing of matches which have been manufactured under licence, or on which duty has been paid, or which are exempt from duty under this Act ;
- (d) regulate the issue of matches out of any manufactory ;
- (e) impose on the owners of manufactories and on persons engaged in the sale of matches the duty of furnishing information, keeping records and making returns, and prescribe the nature of such information and the form of such records and returns, the particulars to be contained therein, and the manner in which they shall be verified ;
- (f) provide for the issuing of licences, the form and the conditions of licences, and the fees to be charged therefor ;
- (g) provide for the detention of matches for the purpose of exacting the duty, the confiscation, otherwise than under section 15, of matches in respect of which breaches of the Act or rules have been committed, and the disposal of matches so detained or confiscated ;
- (h) authorize and regulate the search of any place or conveyance used for the manufacture, storage or carriage of matches ;
- (i) authorize and regulate the composition of offences against, or liabilities incurred under, the Act and rules including composite payments in lieu of duty ; and
- (j) prescribe the nature of and the manner of affixing banderols or stamps.

(3) In making any rule under this section the Governor General in Council may provide that a breach of the rule shall, where no other penalty is provided by this Act, be punishable with imprisonment for any term not exceeding six months, or with fine not exceeding one thousand rupees, or with both imprisonment and fine.

(4) The Governor General in Council may delegate all or any of his powers under this section to a Local Government.

19. (1) In the Second Schedule to the Indian Tariff Act, 1894, for sub-head (a) of Item No. 159 and the entries in the third and fourth columns relating thereto the following sub-head and entries shall be substituted, namely :—

Amendment of the
Second Schedule, Act
VIII of 1894.

“(a) MATCHES—

(1) In boxes containing on an average not more than eighty in a box.	Per gross of boxes . .	Three rupees and eight annas.
(2) In boxes containing on an average more than eighty in a box.	For every 20 matches or fraction thereof in each box, per gross of boxes.	Fourteen annas.
(3) Not in boxes, including matches in booklets.	For every 960 matches or fraction thereof.	Four annas and eight pies.”

(2) Notwithstanding anything contained in section 4 of the Indian Finance (Supplementary and Extending) Act, 1931, the additional duty imposed by that section of that Act shall not be levied or collected on any article chargeable with duty under sub-head (a), Item No. 159 of the Second Schedule to the Indian Tariff Act, 1894, as amended by this section.

VIII of
1894.

Burma Act
I of 1932.

20. The Burma (Excise) Duty on Matches Act, 1932, is hereby repealed with effect from the 31st day of March, 1934, but all the provisions of that Act and of the rules made thereunder shall, notwithstanding such repeal, continue to apply to any matches liable on the 31st day of March, 1934, to duty under section 3 of that Act, and to any proceedings commenced in relation to any such matches.

Repeal.

STATEMENT OF OBJECTS AND REASONS.

The purpose of this Bill is to impose an excise duty on matches made in British India. The collection of the tax is, in the first instance, to be in the hands of the Local Governments working as agents of the Government of India; but the Bill has been so drafted as to render it possible to make other arrangements at a later stage, if experience shows this to be desirable.

2. The great majority of the States in India have signified their willingness to enter into an agreement under which every State in which matches are made, or may in future be made, will recover a corresponding tax paying the proceeds into a common pool along with the proceeds of the British Indian tax; and the amounts in this pool will be divided on an estimated consumption basis between British India and all the States that have entered into this agreement. The power of prohibition of imports entered in the Bill is to be used against matches produced in any State that declines to enter into this agreement.

3. The proposed excise duty cannot be imposed side by side with the existing Burma duty on matches, and the Burma Act imposing that duty is to be repealed.

4. The customs duties on matches are revised so as to comprise rates maintaining the existing measure of protection for the Indian industry over and above the equivalent of the new excise duty.

GEORGE SCHUSTER.

NEW DELHI;

The 27th February, 1934.

Speech of the Financial Secretary in the Council of State on the 27th February, 1934.

THE HONOURABLE SIR ALAN PARSONS (Finance Secretary): I rise to present the statement of estimated expenditure and revenue of the Governor General in Council for the year 1934-35 in respect of subjects other than Railways.

2. There is more ground than usual to be covered this year. I propose therefore to leave for the most part the detailed explanation of variations in the estimates to the papers which will shortly be in Honourable Members' hands, and will confine my remarks to an exposition of the main figures of the budget and to the proposals of the Government of India which result from them. Even so, Sir, I must ask for your indulgence and that of the House if I trespass rather longer on their and your patience than is customary.

3. Honourable Members will recall that when Mr. Taylor presented the estimates last February we anticipated that 1932-33 would leave us with a surplus of 2,17 lakhs, and that in the current year after meeting all charges we should be able to apply 6,88 lakhs to the reduction or avoidance of debt in accordance with the scheme which has been in force since 1925, and still have a balance of 25 lakhs. In the event we did not do so well in 1932-33. Our surplus, chiefly because customs and salt revenues did not come up to the mark, was only 1,55 lakhs. This perhaps foreshadowed what was to come; for we now have to estimate that, in spite of an unexpected repayment by the Persian Government of a pre-war debt of 33 lakhs, our revenue will fall short of our anticipations by 5 crores and 4 lakhs.

Though there are of course variations under other heads, as a whole they balance one another, and the short-fall can be attributed entirely to taxes on income and customs. Under taxes on income we now expect to get 93 lakhs less than our budget estimate and I fear we must plead guilty to having under-rated the effects of the depression on profits. Under customs there has been a moderate, but very welcome, revival in exports and re-exports of merchandise, which to the end of December exceeded those of the corresponding period of 1932-33 by 12 crores. This is I hope a portent of further recovery in future; as a result we should do better than our estimates of the receipt from export duties by 65 lakhs. Unfortunately imports, from which our main customs receipts are derived, have as a whole shown no similar indication of a revival; they are down in the nine months to the end of December by 17 crores. This means that we have to face a drop of about 6 crores in import duty below our budget estimates and, though the excise duties on motor spirit and kerosene are doing well, under the customs head as a whole there is a deficiency on the original estimates of 4,38 lakhs. Of the many items which contribute to this decrease, I need only mention four. Under the stimulus given by the heavy protective duty and the surcharge of 25 per cent. on it, there has been a more rapid turn-over from imported to indigenous sugar than even we expected; and though our budget estimates allowed for a drop of about a crore in the duty on sugar imports, we have now to assume that the drop will be about double this figure. We allowed also in our budget estimates for a drop of about a crore in the customs receipts from textile fabrics and yarn, but it is clear that this did not go nearly far enough and that the

imports in 1932-33 were entirely abnormal. It seems probable that we shall fail to reach our estimates under this head by no less than 2½ crores. These two categories account for 3,77 lakhs out of the total deficiency of 4,38 lakhs. For the rest I propose only to mention the duty on manufactured tobacco which we now expect to bring in 28 lakhs instead of 50, and the duty on silver. Imports of silver have been entirely negligible and the budget estimate of 25 lakhs is now reduced to a lakh.

4. Against this drop of just over 5 crores in our revenue estimates we can set a saving of 2,20 lakhs in our estimates of expenditure. Again, I can leave minor variations to the papers which will be circulated; the saving is entirely accounted for by two factors. His Majesty's Government have not required us to pay the instalment of 88 lakhs due to them on account of war debt and we have obtained a reduction of 1,78 lakhs in defence expenditure as a result of the award of the Capitation Rate Tribunal. Our net defence expenditure, which four years ago was over 55 crores, is now rather less than 44½ crores. I will not attempt a recital of the measures by which this most substantial reduction has been obtained—Honourable Members will find a full description in Sir George Schuster's speech. All I will say is that, welcome as the relief obtained from the Tribunal's award is, it is only a fraction of the assistance which the Government of India have obtained in a very difficult time from a reduction of defence expenditure and that for the great bulk of that assistance we are indebted to the strenuous efforts made by His Excellency the Commander-in-Chief and all his officers to help us. I am sure the House will wish warmly to acknowledge that indebtedness.

5. Well, Sir, that is the position for this year. We had hoped to pay our way and have a balance of 7,13 lakhs, 6,88 lakhs of which we proposed to utilise for the reduction or avoidance of debt. We are spending 2,20 lakhs less than we expected but our income has shrunk by 5,04 lakhs. To the extent therefore of 2,84 lakhs we have not done as well as we hoped, and on present estimates our available balance, before we make provision for the reduction or avoidance of debt, is 4,29 lakhs instead of 7,13 lakhs.

6. Though our hopes have not been entirely fulfilled—that is perhaps too much to expect in present times—I trust Honourable Members will not derive from these figures any reason for despondency. I certainly do not myself. I have already mentioned one encouraging sign, the increase in our exports: Sir Guthrie Russell mentioned a second a few days ago, the growth in railway goods traffic. There are other good grounds for an increased confidence to which I will briefly refer, for they lead up to and justify the initial proposal that I have to lay before the House tonight. How have the public finances of India fared since the crisis of 1931? To what extent has she so far weathered the storm? To begin with, taking our estimates for the current year, she has not only paid her way in the three years from 1931-32 but will have accumulated a surplus of 7,82 lakhs for the reduction of her debt, or the strengthening of her balances. I wonder how many other countries in the world can show so sound a budgetary position; but this is by no means all. During the same three critical years, her external reserves in gold and sterling securities have increased by over 48 crores, quite apart from the potential profit on gold which at present is about 27 crores; and the proportion of these reserves to the note issue has been raised from 40 to 60 per cent. In September, 1931, the total debt, rupee and sterling maturing within five years was over

336 crores: at the end of next month we expect the figure to be only 166 crores, so that near maturities will have been reduced by 170 crores. And by conversion operations and the improvement in credit which has followed a sound budgetary policy the burden of interest has been reduced by well over four crores.

To illustrate the inherent soundness of our debt position there are a few more figures that I should like to quote. In making the comparison I exclude variations in cash balances, which may be described generally as till money. At the end of next month we expect the total indebtedness of the Government of India to be about 1,212 crores, an increase of 293 crores or 32 per cent. over the figure ten years ago. But on the same date the interest bearing assets of the Government will be 978 crores, an increase in the ten years of 314 crores, so that since 1924 the debt not covered by assets—what I may perhaps describe as the unproductive debt—has been reduced by 20 crores and at the beginning of next financial year will amount to only 234 crores out of the total of 1,212 crores.

At the same time, though our total debt has increased by only 32 per cent. and our uncovered debt has actually decreased, by the operation of the scheme for debt redemption which was settled in 1924 the provision to be made from revenue for this purpose has grown by 82 per cent. from 3,78 lakhs to 6,89 lakhs. This increase is of course particularly burdensome at a time when we are, I am confident only temporarily, receiving no contribution in relief of the taxpayer from our principal productive asset, the Indian railways. In the circumstances, we have had to consider very carefully whether in a time of abnormal depression, when what should ordinarily prove a profitable investment is giving us no return, we are justified in maintaining a rate of debt amortization which, however appropriate to good times, must throw an additional burden on the already heavily burdened payer of taxes. The conclusion we have reached is as follows. We cannot at present give a considered opinion what the permanent basis of the future provision for the reduction and avoidance of debt should be; but in view of the strong position which has been built up by past efforts and the high proportion of our debt which is invested in undertakings that should again become profitable, it is justifiable and in no way offends against financial prudence for us to reduce the provision for reduction and avoidance of debt to 3 crores both in the current year and in 1934-35. We propose to do so. The House will observe that, if we take the figure for uncovered debt alone, this represents a provision of over 1½ per cent.

7. Deducting this provision of 3 crores from our current year's estimated surplus of 4,29 lakhs, we are left with a net surplus of 1,29 lakhs. We propose to transfer this surplus, whatever the final amount may prove to be, to a special fund which will be used for assisting the provinces which have suffered from the recent earthquake, chiefly of course Bihar, though we may find it necessary to devote some part of the fund to assisting other provinces such as Bengal. The Council are, I am sure, anxious to know what our definite proposals for assistance to Bihar are, and it will, I think, be convenient if I describe them at this stage. They have been concerted in close discussion with the Provincial Government.

8. The necessary steps to give immediate relief to sufferers from the earthquake are, as Honourable Members are no doubt aware, being energetically pursued, the money for them being for the most part provided from the Viceroy's and other relief funds; but there is one direction in

which the Government of India desire to extend their help. The destruction of seven sugar factories in the north of Bihar and serious damage to two others has deprived the growers of cane in this area of their ordinary market for about fifteen million maunds of cane. It is hoped that the bulk of this cane can be got away in time to factories in the south of Bihar or in the east of the United Provinces, and the Railways, chiefly of course the Bengal and North Western Railway, are taking strenuous steps to enable this to be done and are prepared to quote very low concessionary rates of freight, so that a reasonable price should be secured to the grower. But cane has to reach the factory within about thirty-six hours of being cut or it loses its juice, and it will not be possible to move part at any rate of the crop to other factories in time. In order to meet this difficulty the Provincial Government are distributing a large number of crushing mills and pans with which to turn the cane into gur; and when I was in Patna they anticipated that they might be able to deal with about six million maunds of cane in this way. The Government of India have undertaken to bear the whole cost of this measure from central revenues: it will probably amount to about 5 lakhs.

The more difficult problem, however, the solution of which will demand expenditure on a much larger scale, is the problem of permanent reconstruction; and I can perhaps most easily explain to the House the extent of the problem and the manner in which we propose to deal with it if I divide it into four main heads. Where possible I will give an idea of the sums that are likely to be required, but I must make it clear that as yet only very rough estimates can be framed and that the figures I give are given more by way of illustration than as representing any final conclusion of what the bill will be.

There is first the very considerable damage to the Provincial Government's own buildings and other property. For example, I understand that the Dhaka Canal has suffered considerably. A rough estimate of the sum required for rebuilding and repair is a crore of rupees. Here our proposal is that the Government of India should relieve the Provincial Government of half the cost of reconstruction and repair, whatever the amount may prove to be, and should advance the remaining half to the Provincial Government through the Provincial Loans Fund. We propose to treat as capital expenditure by the Government of India the half share which we are taking on our own shoulders.

Next there is the similar damage to the property of local bodies in the affected area. At the best of times these bodies have meagre incomes; their balances are small; and though it may be found possible to ask them to contribute their share towards the cost of reconstruction by taking over the responsibility for some small particular measure, for example, the clearance of wells, it is perfectly clear that the assistance that they can render is negligible and the main task of reconstruction is completely beyond their power. So far, in fact, from their being able to render any material assistance, the municipalities have lost for the time being their main source of income in the house tax, and it will be necessary to equip them, and possibly to some extent the local boards too, with funds with which to carry on their ordinary duties until their revenues recover. For both these purposes, for the reconstruction and repair of local bodies' property and for placing them in funds until their incomes recover, we propose to make a free grant from central revenues, and this also applies to the money required for rebuilding and repairing aided schools in the earthquake area.

At present we estimate very roughly that the amount required will be something over one crore, and we propose to meet it from the special fund that I have mentioned, to be formed out of this year's surplus.

Next—and a very important item—I am not however attempting in any way to assign an order of importance to the different items—comes the question of assistance to private individuals. The destruction of their small houses and shops must have deprived many of the poorer inhabitants of North Bihar of their sole material asset; they have been left with neither money nor credit with which to start rebuilding; and it would be only cruelty to offer them loans which they could never hope to repay. Assistance to these people must in our view take the form of free grants, and we think that these free grants to the poorest classes are eminently an object on which the Viceroy's and other relief funds should be expended in so far as they are not utilised for immediate relief. No one who has had an opportunity as I have done of seeing even hurriedly the devastation which the earthquake has wrought in the small townships of North Bihar could fail to recognise how wide the scope for private charity in this direction is. I have no doubt at all that there will be a full response to the need.

It is not only the poorest classes, however, who have suffered from the earthquake. There are very many who would not be fit or willing recipients of charity but who would be quite unable to rebuild their houses unless they can procure money on easy terms with which to do so. Unfortunately I am not today able to announce to the Council the exact plan that will be adopted for granting loans in these cases. Though the scheme is under active consideration between the Provincial Government and ourselves; and though I have no reason to anticipate any divergence of opinion between us, the details are not yet all settled. I can say this however that it is our intention to make available to the Provincial Government, on terms that will not be burdensome to them, whatever sum may be found to be needed for this purpose. I am afraid I can give no estimate of what the amount will be, but whatever the amount will be, we are prepared to find it.

Lastly, there is the problem of agricultural land. The countless geysers which spouted up in the train of the earthquake have deposited a layer of infertile sand of a depth varying from one or two inches up to four feet or more over a wide area, particularly to the north of Muzaffarpur and Darbhanga. Until a detailed survey has been made of this area it is impossible to say what the extent of the damage has been, though I am glad to say that the latest information we have received is that it may not have been so serious as was at first feared. Until the survey has been made it is of course still more impossible to say what measures can be taken to rectify the damage and what their cost will be. All I can say is that we consider the Provincial Government's balance in their Famine Relief Fund can properly be made use of to restore this damage and that to the extent to which it is insufficient we intend to give our financial support to the Provincial Government in any measures that may be decided upon.

To sum up, the assistance which we offer to Bihar is as follows. We propose to give free grants to cover the cost of restoring the property of local bodies and of placing them in funds till their revenues recover; to rebuild aided schools; and to provide the crushing mills and other equipment for dealing with part of the surplus cane crop. We propose to meet

this expenditure from the special fund to which this year's surplus will be transferred; but since much of the rebuilding will unfortunately have to be postponed until after the rains, when more knowledge will be available whether the drainage of the country has altered and foundations for buildings and bridges are secure, we are at present assuming that only 75 lakhs will be needed for these purposes in 1934-35, though if more is found to be needed it is our intention to provide it. We are taking on ourselves as capital expenditure half the cost of restoring the property of the Provincial Government, the total cost being at present estimated at about a crore; we are undertaking to advance the money needed for loans to individuals to the Provincial Government on terms that will not be onerous to it; and we are undertaking to bear the cost of such measures as may be found practicable and desirable to recondition agricultural land in so far as the Famine Relief Fund is insufficient. No reliable estimate of the amounts needed for these purposes, except, possibly the Provincial Government's buildings, is at present available, but we are assuming in our ways and means estimate that there will be a disbursement in 1934-35 of 2½ crores and if more is found to be needed before the end of the next year it will be provided.

I trust these proposals will meet with the approval of Honourable Members. (Applause.)

9. I can now turn to our prospects for next year. I will use the net figures for they are, I think, the easier to follow. On the basis of present taxation, we put our revenue at 78 crores 8 lakhs; and estimate our expenditure, including the 3 crores for reduction and avoidance of debt, at 79 crores 61 lakhs. This year's surplus of 1,29 lakhs is turned into a deficit of 1,53 lakhs, a total deterioration of 2,82 lakhs.

10. There is little that I need say about our expenditure estimates, which, as is already known, allow for the continuance of the cut in pay for one further year. We have maintained and are maintaining a vigilant control over all new revenue expenditure and are still on the search for further economies. As a result, taking net figures for interest and defence, we are able to estimate our expenditure apart from debt reduction at 76 crores 61 lakhs, only 2 lakhs more than this year's revised estimate, though we have to find about 22 lakhs for increments and about 7 lakhs for a few new items. And we achieve this result although we are providing 58 lakhs for a half year's instalment of the interest on our war debt against nothing this year, and have to find 50 lakhs more than in the current year for the payment of bonus on cash certificates—a subject which Honourable Members will find fully dealt with in the Honourable Finance Member's speech. We have been assisted in obtaining this result partly by a decrease of 29 lakhs in our opium expenditure corresponding to a decrease which we have to anticipate in receipts; and partly by an improvement of 38 lakhs in the financial position of the Posts and Telegraphs Department which is almost entirely due to the strenuous efforts taken by the department to secure economy in administration and not to an increase in revenue. And here I will break off my review of next year's estimates to explain the first of our proposals for next year. It is not a proposal for meeting any part of the deficit.

We are naturally very concerned at the drop in postal and telegraph traffic and are anxious to do what we can, without making our revenue position more difficult, to stimulate a recovery, and we therefore propose

as an experiment to make the following changes in postal and telegraph rates.

First of all, we propose to reduce the charge on letters not exceeding half a tola in weight from $1\frac{1}{4}$ annas to 1 anna, leaving the charge on letters weighing over half a tola unchanged. We think that this change will benefit both the business community and the poorer class of letter writers. It will cost us, even allowing for some increase in traffic, 27 lakhs in the first year, but if the experiment succeeds this loss should be recovered in the second year, and thereafter there should be a net gain in revenue.

Secondly, we propose to remit the extra pie representing the cost of manufacturing the envelope which has been charged for embossed envelopes since 1931. This again is a change which will benefit the ordinary letter writer. We expect it to cost us $2\frac{1}{2}$ lakhs

Thirdly, in order to stop a loss of revenue which is at present occurring through the diversion of post card traffic to book packet traffic, we propose to raise the initial charge on inland book packets not exceeding five tolas in weight from 6 pies to 9 pies. This should give us 5 lakhs more revenue.

Lastly, we propose to substitute for the present minimum charge for ordinary telegrams of 13 annas for a message of 12 words a minimum charge of 9 annas for a telegram of 8 words; and similarly for express telegrams to substitute for a minimum charge of Rs. 1-10-0 for 12 words a minimum charge of Rs. 1-2-0 for a telegram of 8 words. The charge for each additional word will be 1 and 2 annas, respectively. This will cost us 3 lakhs in the first year, but we hope to get the loss back in the second.

The net loss next year from these proposals is $27\frac{1}{2}$ lakhs, and in present circumstances we could not contemplate their introduction if it meant an addition of $27\frac{1}{2}$ lakhs to the deficit. But there is an expedient, which we think justifiable, by which the loss can be neutralised. Ever since the accounts of the Posts and Telegraphs Department were organised on commercial lines the sum set aside each year for depreciation has been much larger than the amount annually spent on renewals, so that the balance to the credit of the depreciation fund has been mounting very rapidly. This rapid growth suggests that the credits to the depreciation fund under the present system are larger than are really required and we propose to review the whole question next year. Meanwhile, in view of the large balance in the fund, we consider that we are warranted in reducing the contribution from the figure of just over 36 lakhs, which would result from the operation of the existing rules, to a figure of a little less than $8\frac{3}{4}$ lakhs which is the amount actually required for renewal and reconstruction of assets. In this way we shall save in 1934-35 an amount which is about the equivalent of the reduction in revenue from the proposed reorganisation of rates. I must make it clear that a reduction of the depreciation contribution to this extent is a temporary expedient that cannot be repeated, and that consequently the proposed reorganisation of rates is also purely an experiment. There are definite possibilities of further economies which after next year may offset the loss of revenue and the Posts and Telegraphs Department will do their best to effect them. But if they do not materialise or if traffic does not respond sufficiently to this reduction of rates, the necessity for again increasing the rates to such extent as may be necessary will have to be faced.

11. To return to the review of next year's estimates, of the deterioration of 2,82 lakhs compared with this year only 2 lakhs is, as I have explained, due to an increase in expenditure; a decrease in revenue accounts for the remaining 2,80 lakhs, and the drop can be entirely ascribed to two heads, opium and customs. Elsewhere smaller variations balance each other. Under opium as a result of the policy adopted in 1925 with a full recognition that it meant a steadily declining revenue, we have to face a drop of 64 lakhs. Under customs our figure for 1934-35 is 2,25 lakhs less than that for this year and here, without going into too much detail, I must give a brief explanation of the reasons which have compelled us to adopt a lower figure. It is not that we are pessimistic about the prospects of trade; on the contrary we think the chances of a moderate recovery justify us in anticipating a net increase of about a crore and two-thirds in the customs revenue from all items except those that I will specifically mention. But the very rapid development of sugar manufacture in India compels us to face a reduction of no less than 2,95 lakhs below the reduced figure of the current year in the duty on sugar imports; we can no longer expect as a slight compensation large imports of plant for the new sugar factories, and have had consequently to reduce by 32 lakhs the estimate of import duty on machinery; and our estimates of land customs are down by 65 lakhs, again largely because of declining sugar imports, though a payment of arrears amounting to about 32 lakhs is also partly responsible.

To sum up, the increase of 1,67 lakhs which we might otherwise have anticipated is turned into a decrease of 2,25 lakhs mainly by a reduction of 3,28 lakhs in our revenue from sugar—2,95 lakhs under sea customs and 33 lakhs under land customs—and for the rest by the loss of 32 lakhs representing duty on sugar machinery, and of 32 lakhs arrear payments received in the current year. The point I wish to emphasise is that the decline in the customs revenue, which more than accounts for the whole deficit, is not due to any foreboding of a further deterioration in the general trade position; quite the contrary. It is due to the marked success which has attended a considered policy of the Government of India and of the Legislature, the object of which was to encourage the growth in India of an important industry the raw product of which is obtainable in ample quantity in India.

12. The deficit, then, on the basis of existing taxation is 1,53 lakhs. We have one proposal for next year which will slightly add to it. We have been carefully watching the position of the export trade in raw hides, and find that, while imports of Indian hides into Hamburg are now less than a quarter of the pre-war imports, those from other sources are still higher than in 1912. There was a little improvement in shipments to Germany in the first half of 1933, but since September there has been again a serious deterioration. We have decided therefore to remove the export duty, which has only been retained purely as a revenue measure and is only expected to yield 5 lakhs next year—and we should be lucky if we got even that. We are leaving the export duty on skins untouched; there has been an encouraging increase in exports this year.

As a result, the gap between revenue and expenditure next year has been raised to 158 lakhs. How shall we fill it?

13. I imagine that Honourable Members have derived from what I have already said an inkling of what our main proposal will be. Sugar which in the best year gave us a customs revenue of over 10 crores and

but for the protective duty might be expected to subscribe $7\frac{1}{2}$ or 8 crores to the exchequer, will produce only just over 2 crores next year, while thereafter we must look for a practical extinction of imports. When it is realised that the protection given to the sugar industry has cost the central revenues a sum which is already of the magnitude of 6 crores—a considerably larger sum than that we derive from the surcharges on taxes on income, the tax on small incomes, and the cut in pay combined—no one will, I think, deny that it is reasonable to look to sugar as a means to cover the present deficit, subject always to one proviso. We should do nothing to impair the measure of protection granted to the industry by the Government of India and the Legislature on the advice of the Tariff Board. Now, as Honourable Members are aware, the basic protective duty recommended by the Tariff Board was Rs. 7-4-0 per cwt. with power to Government to increase this duty by 8 annas a cwt. if Java sugar was being imported into Calcutta at a price less than Rs. 4 a maund. That condition was recently fulfilled, and in present conditions it may be taken that the measure of protection recommended by the Tariff Board and accepted by the Government and the Legislature amounts to Rs. 7-12-0 per cwt. But owing to the 25 per cent. surcharge the actual import duty is Rs. 9-1-0 per cwt. or Rs. 1-5-0 per cwt. above the protection which the Tariff Board, Government and the Legislature considered necessary; and incidentally the stimulus given by this extra protection is so great that there is a real danger of over-production in this country and the establishment of more factories than the internal market can support, in spite of the very definite warning given last year by the Honourable Finance Member to those engaged in this industry that they could not count on a continuance of the existing abnormal measure of protection.

We propose therefore to impose an excise duty of Rs. 1-5-0 per cwt. on all issues, after the 1st April next, of sugar, including khandsari, from factories coming under the Indian Factories Act. We reckon that this will produce 1,47 lakhs in 1934-35. At the same time we are particularly anxious that the excise duty should not hit the cultivators of cane, who, as it is, do not appear to have received invariably the advantage we intended them to derive from our protective policy; and a Bill will be brought forward this session enabling Provincial Governments to apply schemes for enforcing a minimum price for cane to be paid by the factory to the grower. Out of the proceeds of the excise duty we propose to set aside the yield of one anna, or on our estimates 7 lakhs, for distribution among the provinces in which factory sugar is produced, in order to assist the organisation and operation of co-operative societies among cane-growers, or other action designed to secure a fair price for cane to them. So we expect a net 1,40 lakhs from the new excise duty. It will be brought forward in a separate Bill and not in the Finance Bill.

14. Sugar will then give us 140 lakhs out of the deficit of 158 lakhs. Where shall we look for the residue? Honourable Members will be relieved to hear that they have learnt the worst, and that we think we can obtain the remaining sum needed to balance the budget by reductions and not increases of taxation. I mentioned earlier that the customs receipts from imports of manufactured tobacco will be 22 lakhs below the estimates this year; and we should have to expect a further decline of 8 lakhs next year if no change in the rates of duty were made. This is because under our present tariff, with the two surcharges which we have had to make, it pays firms controlling factories both in India and abroad

to transfer to India the manufacture of certain brands of cigarettes made chiefly or wholly from imported leaf rather than as before to import them. The type of cigarette I have in mind may perhaps be described as the Gold Flake class. By adjusting the relation between the import duty on raw leaf and finished cigarettes we expect to induce a revival of imports which will bring us back 30 lakhs. The actual adjustments are a little complicated and I will leave them to the papers to be circulated; but though they may slightly increase the duty on the most expensive luxury class of cigarettes, they will reduce the duty on the medium priced class which is now assessed at Rs. 10-10-0 per thousand by an amount which is roughly equivalent to the second surcharge, namely, Rs. 2-2-0 per thousand. There should therefore be no increase in cost to the consumer.

We also propose to reduce the excise and import duties on silver from the present rate of $7\frac{1}{2}$ annas per ounce, of which $1\frac{1}{2}$ annas are surcharge, to 5 annas an ounce. As I have already mentioned, imports for the time being have practically ceased, and if the present rate of duty is continued we can expect to get only 1 lakh next year, but we think it reasonable to anticipate a larger import on account of the reduction of duty, and an increase therefor of 4 lakhs in our estimates. Our main reason for this proposal is not, however, the small addition it may bring to our revenues. Though in present conditions the high rate of duty cannot be held responsible for the practical cessation of imports, it would certainly operate as an obstacle to legitimate trade and as an incentive to smuggling when India's demand for silver revives and then the existence of this high rate of duty might diminish rather than increase our revenue. At the same time, we think it most desirable, particularly now that the Legislature has ratified the Silver Agreement reached at the World Economic Conference, to give an earnest of our desire to co-operate with other countries in measures calculated to improve the price of silver. Lastly, as Bombay prices for silver have recently been below London parity by more than the equivalent of $2\frac{1}{2}$ annas per ounce, we think the reduction can be made without necessarily affecting the Bombay price at all or consequently any damage to the internal price. In order not to disturb the market we propose to give immediate effect to this reduction by notification.

15. With 140 lakhs from sugar, 30 lakhs from manufactured tobacco and 4 lakhs from silver, we have filled the gap of 158 lakhs between revenue and expenditure and are left with a small surplus of 16 lakhs. This surplus will be raised to 19 lakhs as a result of two further proposals which I have to place before the Council, but before describing them I must say something about the ways and means position.

16. The two questions with which the ways and means position of the budget deals—our borrowing to meet capital requirements or to redeem maturing debt and our purchases of sterling to meet sterling requirements of the Secretary of State or to strengthen the currency reserves—are closely linked together because we have debt both in India and in England and we have to adjust both programmes so as to secure the best results from the point of view both of revenue, and of currency stability. I will deal with our borrowing programme first. It has been a very satisfactory year and we have been able to improve substantially on the budget forecast. I will leave details to a study of the figures in the Budget Statement, but briefly the result for the current year is as follows. In India we have borrowed just under 31 crores and paid off

maturing debt of a little over 42½ crores; in England we have floated loans of nearly £22 million and paid off loans amounting to a little over £14 million. We have been helped by large receipts amounting to nearly 17 crores from Post Office Cash Certificates and Savings Bank deposits and this in spite of a reduction from 3 to 2½ per cent. in the Post Office Savings Bank rate of interest and material reductions in the yield on Post Office Cash Certificates. In consequence, on our estimates which, as Honourable Members know, have to be prepared several weeks before we present the Budget, and may therefore be materially exceeded, we expect to be able to strengthen our position by replacing about 17½ crores of *ad hoc* treasury bills in the Paper Currency Reserve by sterling securities.

The curtailment of capital outlay, which in the current year will be less than 4½ crores on railways and provincial requirements combined, has assisted us considerably in securing this result, and also in improving our credit. We think, however, that the time has arrived when some relaxation of the restrictions on capital expenditure is not only possible but desirable. We are therefore, as Sir Guthrie Russell informed the Council, allowing next year for an increase of 4,23 lakhs in the capital expenditure on railways and for the allotment of an additional 2,25 lakhs to provinces, chiefly for loans for reconstruction in Bihar. Even so, we anticipate that next year we could pay off the only loan maturing either in England or in India, the 4½ per cent. 1934, of which about 13 crores are outstanding, without any fresh borrowing. On the other hand, it must be remembered that these ways and means estimates are not a programme; they are intended merely to show our position, and if conditions are favourable we naturally leave ourselves the fullest latitude to take advantage of them either to improve our credit abroad or to fund our liabilities here.

The remittance position in the current year is also satisfactory. Except for a slight temporary set-back in October-November, exchange has been strong throughout. It is always very difficult at this time of year to estimate even for one month ahead what our sterling purchases are likely to be, and the difficulty is even greater this year because of the important developments that have taken place in the international currency situation in the last two months as a result of American policy. One of the results has been to increase the price of gold as expressed in sterling and this has revived the exports of that metal from India. There has also in the last month been a definite rise in the price of India's more important export staples such as cotton, hessians and rice. These developments have enabled us to make large purchases of sterling in the last few weeks. When we prepared our figures we estimated that we would be able to purchase £37½ millions during the current year. As a matter of fact we have already reached that total. If we buy more, it will naturally be reflected in an increase in the outstanding of treasury bills in this country which at present represent a very cheap form of borrowing for us, with a corresponding decrease in the treasury bills held in the Paper Currency Reserve.

On these estimates, if we devote the surplus sterling which the Secretary of State does not require for treasury purposes to the strengthening of our reserves, we should be able to replace treasury bills in the Paper Currency Reserve by sterling securities to the extent of 17½ crores, and should close the year, as I have already mentioned, with our note issues covered by external assets to the extent of about 60 per cent.

if gold is taken at its statutory value, or of 75 per cent. if it is valued at its present market price. When it is remembered that the Reserve Bank Act provides that the initial cover to be handed over by Government on the inauguration of the Bank should be 50 per cent. the strength of our position in this respect will be realised. These estimates do not provide for any expansion of the currency. They assume that we will merely be replacing internal assets by external. Should the currency position of the country make such expansion desirable, there will naturally be consequential alterations in the estimates.

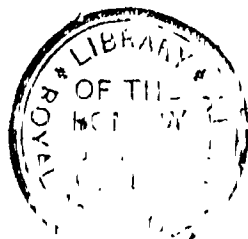
As regards next year, we estimate the purchase of sterling at £26·7 millions to fit in with our programme. Naturally here too, if we buy more, we shall utilise the surplus in strengthening our position.

17. If it were possible only to consider the Central budget, that, Sir, would complete what I have to say tonight; but the Government of India cannot afford entirely to overlook the position of the provinces for whom they act as bankers and whose financial stability has some repercussion on the credit of India as a whole. Now though it is not for the Government of India ordinarily to relieve Provincial Governments of their financial problems, there is one case in which, I think I may say by common consent, it is recognised that they are beyond the resources of the Provincial Government and that special help is required. I refer of course to Bengal, which since 1930 has been incurring deficits at the rate of about 2 crores a year, so that unless remedial action is taken she will soon be staggering under an unmanageable load of debt. Without in any way prejudging the plan that may be adopted by the British Parliament for constitutional reforms, we have come to the conclusion that Bengal ought, in advance of that plan, to be helped out of her financial difficulties. At the same time it is clear from the figures which I have already laid before the House that we cannot assist her out of our existing revenues and that, if we are to do so, those revenues must be fortified. Moreover, though we must not prejudge the constitutional plan, we must do nothing that is likely to prejudice it; our action should therefore take a form which is likely to fit in with the new constitutional arrangements. The plan that we propose is as follows. We are asking the Legislature in a Bill which will be introduced in a few days' time to agree to the imposition of a match excise duty at the rate of Rs. 2-4-0 per gross of boxes on matches made in British India, with, of course, a revision of the customs duty so as to maintain the existing measure of protection. The manufacture of matches can easily be transferred at little cost from one place to another, and this proposal is only feasible because we have obtained the co-operation of the great majority of the Indian States, who have expressed their willingness to recover a corresponding excise duty in their territories if matches are either now or in the future manufactured there, the proceeds of both the British Indian and the States duties being paid into a common pool and divided on a population basis. The Bill will of course include power to prohibit imports of matches produced in any State that does not come into this agreement. I must further make it clear that this agreement with the States only covers the period up to the introduction of Federation; neither their nor our position after Federation will be in any way prejudiced by it. In a full year we estimate the total proceeds of the excise duty for the whole of India at 3 crores, of which on a population basis 70 lakhs will go to the States and 2,30 lakhs to British India. In 1934-35 we can only expect to get 11 months' duty, or for British India 2,10 lakhs. Out of this 2,10 lakhs,

we shall have to give 18 lakhs to Burma to recoup her for a consumption duty of 12 annas per gross of boxes which under existing provincial legislation is in force up to March 31, 1935, but will be repealed when our own match excise duty comes on. The net addition to central revenues next year by this proposal is therefore 1,92 lakhs.

With our resources strengthened in this way, we propose to hand over half the jute export duty to the jute producing provinces; Bengal will of course receive the lion's share though Assam and Bihar and Orissa, which are both for different reasons in difficulties, will benefit to some extent. The distribution between these three provinces will be made on the basis of average production over the past five years. On our estimates, half the export duty amounts to 1,90 lakhs, from which a small sum of a lakh must be deducted for cost of collection. On this estimate Bengal will receive about 1,67 lakhs, Assam about 9½ lakhs and Bihar and Orissa 12½ lakhs; and I must make it clear that this special assistance to Bengal is conditional on the Provincial Government satisfying us that they are taking every step that is possible on their own account to restore, with this assistance, financial equilibrium. I need say little, I think, to justify the much smaller benefit which Assam and Bihar and Orissa will derive as a corollary of this proposal. The position of Assam is so difficult that for their part the Government of India do not dispute that she may have a claim for special assistance. To Bihar and Orissa no one at present is likely to grudge it.

18. My task, Sir, is now done. All I still wish to say is this. The proposals I have had the honour of laying before the Council are not haphazard expedients designed merely to meet the temporary difficulty of an unbalanced budget. To the extent to which we have had to resort to fresh taxation to secure equilibrium between central revenue and expenditure we have done so in a form which, without impairing the measure of protection which the Legislature decided that an important industry should receive, will be a suitable permanent addition to our resources and broaden the basis of taxation. Within the limits of our power we have begun to lessen the burdens of the community by the reductions in Postal and Telegraph rates and by the removal of the hides export duty. By relieving Bihar of practically the whole cost of restoring the damage caused by the earthquake we prevent her accumulating a load of debt with which she might find it most difficult to deal hereafter; and by our proposals for assistance to Bengal we not only apply a remedy to a position which is rapidly becoming dangerous, but we do so in a way which cannot fail to facilitate future constitutional reform. Our proposals throughout represent a definite and considered plan, the aim of which is to preserve and strengthen the sound position which past sacrifices have built up for the finances of India, and to do so in a way that should help and not hinder the impending constitutional changes. This is an aim for which support will, I am confident, always be forthcoming from Honourable Members; it is for the fulfilment of it that I commend our proposals to the House. (Applause.)



SCHEDULE OF DEMANDS FOR GRANTS (OTHER THAN RAILWAYS). 111

Details of voted and non-voted amounts included in the Demands for Grants for expenditure of the Central Government (excluding Railways) for the years 1934-35.

Number of Demands.	Service, Administration or Area to which demand relates.	Head of Account.	Amount.		
			Voted.	Non-voted.	Total.
			Rs.	Rs.	Rs.
	A.—Expenditure charged to Revenue.				
16	Customs	Customs	64,35,000	34,62,000	98,98,000
17	Taxes on Income	Taxes on Income	82,08,000	2,17,000	84,25,000
18	Salt	Salt	71,17,000	44,64,000	1,15,81,000
19	Opium	Opium	40,78,000	1,50,000	42,28,000
10A	Excise	Excise	4,68,000	2,17,000	6,85,000
20	Stamps	Stamps	18,60,000	43,000	14,03,000
21	Forest	Forest	5,14,000	1,37,000	6,51,000
22	Irrigation (including Working Expenses), Navigation, Embankment and Drainage Works.	Works for which capital accounts are kept, Miscellaneous Irrigation Expenditure, Construction of Irrigation, etc., Works.	4,51,000	2,99,000	7,50,000
23	Indian Posts and Telegraphs Department (including Working Expenses).	Posts and Telegraphs.	9,95,00,000	98,44,000	10,94,10,000
25	Interest on Debt and Reduction or Avoidance of Debt.	Interest on Ordinary Debt.	20,28,000	2,78,74,000	2,99,02,000
26	Interest on Miscellaneous Obligations.	Interest on other Obligations.	56,55,000	9,77,98,000	10,84,53,000
27	Staff, Household and allowances of the Governor General.		4,81,000	9,80,000	14,11,000
28	Executive Council		73,000	4,50,000	5,23,000
29	Council of State		1,05,000	3,000	1,13,000
30	Legislative Assembly and Legislative Assembly Department.		6,86,000	79,000	7,65,000
31	Foreign and Political Department.		8,01,000	2,37,000	10,38,000
32	Home Department		5,79,000	7,97,000	13,76,000
33	Public Service Commission		1,32,000	1,94,000	3,56,000
34	Legislative Department		2,94,000	1,96,000	4,90,000
35	Department of Education, Health and Lands.	General Administration.	5,77,000	1,34,000	7,11,000
36	Finance Department		9,38,000	2,12,000	11,50,000
38	Commerce Department		3,65,000	1,10,000	4,75,000
39	Army Department		4,17,000	92,000	5,09,000
40	Department of Industries and Labour.		4,77,000	1,23,000	6,00,000
41	Central Board of Revenue		1,89,000	75,000	2,64,000
42	Payments to Provincial Governments on account of Administration of Agency subjects.		1,50,000	64,000	2,14,000
43	Audit	Audit.	90,89,000	3,44,000	99,33,000
44	Administration of Justice	Administration of Justice.	53,000	..	53,000
45	Police	Police	1,89,000	93,000	2,82,000
46	Ports and Pilotage	Ports and Pilotage	11,42,000	8,69,000	20,11,000
47	Lighthouses and Lightships	Lighthouses and Lightships.	9,13,000	20,000	9,33,000
48	Survey of India	Scientific Departments.	18,82,000	5,45,000	24,27,000
49	Meteorology	Scientific Departments.	18,20,000	96,000	19,16,000
50	Geological Survey	Scientific Departments.	1,88,000	2,15,000	4,03,000
51	Botanical Survey	Scientific Departments.	1,47,000	33,000	1,80,000
52	Zoological Survey	Scientific Departments.	87,000	43,000	1,30,000
53	Archæology	Scientific Departments.	9,04,000	1,19,000	10,23,000
54	Mines	Scientific Departments.	1,20,000	1,01,000	2,21,000
55	Other Scientific Departments.	Scientific Departments.	2,50,000	..	2,50,000
		Carried over	15,89,08,000	15,12,35,000	31,01,43,000

112 SCHEDULE OF DEMANDS FOR GRANTS (OTHER THAN RAILWAYS).

Details of voted and non-voted amounts included in the Demands for Grants for expenditure of the Central Government (excluding Railways) for the year 1934-35—*contd.*

Number of Demand.	Service, Administration or Area to which demand relates.	Head of Account.	Amount.		
			Voted.	Non-voted.	Total.
			Rs.	Rs.	Rs.
		Brought forward	15,89,08,000	15,12,35,000	31,01,43,000
	A.—Expenditure charged to Revenue—<i>contd.</i>				
56	Education	Education	5,85,000	30,000	6,15,000
57	Medical Services	Medical	6,16,000	2,14,000	8,30,000
58	Public Health	Public Health	6,80,000	1,70,000	8,50,000
59	Agriculture	Agriculture	9,25,000	1,45,000	10,70,000
60	Imperial Council of Agricultural Research Department.	Do.	4,11,000	70,000	4,81,000
61	Civil Veterinary Services	Do.	6,79,000	69,000	7,48,000
62	Industries	Industries	1,64,000	2,000	1,66,000
63	Aviation	Aviation	13,90,000		13,90,000
64	Commercial Intelligence and Statistics	Miscellaneous Departments.	5,02,000	58,000	5,60,000
65	Census	Do.	3,000	1,000	4,000
66	Emigration—Internal	Do.	25,000	4,000	29,000
67	External	Do.	1,81,000	40,000	2,23,000
68	Joint-Stock Companies	Do.	1,15,000	26,000	1,41,000
69	Miscellaneous Departments	Do.	6,85,000	65,000	7,30,000
70	Indian Stores Department.	Indian Stores Department.	5,69,000	1,00,000	6,69,000
71	Currency	Currency	50,01,000	1,22,000	51,23,000
72	Mint	Mint	13,90,000	70,000	14,60,000
73	Civil Works	Civil Works	1,89,85,000	12,11,000	2,01,96,000
74	Superannuation Allowances and Pensions.	Superannuation Allowances and Pensions.	1,00,09,000	2,05,53,000	3,05,62,000
75	Stationery and Printing	Stationery and Printing.	33,43,000	74,000	34,17,000
76	Miscellaneous	Miscellaneous	6,36,000	26,43,000	32,79,000
76A	Expenditure on retrenched personnel charged to revenue.	Extraordinary charges.	2,19,000	91,000	3,10,000
76B	Miscellaneous Adjustments between the Central and Provincial Governments.	Miscellaneous Adjustments between the Central and Provincial Governments.	2,14,14,000	1,01,30,000	3,15,44,000
77	Refunds	Distributed over respective heads of account.	1,05,04,000	2,33,35,000	3,38,39,000
79	Baluchistan		26,78,000	42,48,000	69,24,000
80	Delhi		42,58,000	2,61,000	45,20,000
81	Ajmer-Merwara		13,79,000	1,59,000	15,18,000
82	Andamans and Nicobar Islands.		29,07,000	2,45,000	31,52,000
83	Rajputana		4,12,000	7,29,000	11,41,000
84	Central India		8,41,000	6,70,000	9,51,000
85	Hyderabad		41,000	5,52,000	5,93,000
85A	Aden		6,45,000	2,39,000	8,84,000
86	Expenditure in England—Secretary of State for India.		21,87,000	17,48,000	39,35,000
87	Expenditure in England—High Commissioner for India.	..	24,30,000	35,52,000	60,32,000
	TOTAL (Carried over) .		25,52,49,000	22,27,90,000	47,80,39,000

SCHEDULE OF DEMANDS FOR GRANTS (OTHER THAN RAILWAYS). 113.

Details of voted and non-voted amounts included in the Demands for Grants for expenditure of the Central Government (excluding Railways) for the year 1934-35—*concl'd.*

Number of Demand.	Service, Administration or Area to which demand relates.	Head of Account.	Amount.		
			Voted.	Non-voted.	Total.
			Rs.	Rs.	Rs.
	A.—Expenditure charged to Revenue—<i>concl'd.</i>	Brought forward.	25,52,49,000	22,27,90,000	47,80,39,000
Non-voted	Ecclesiastical	Ecclesiastical	..	27,80,000	27,80,000
	Political	Political	..	1,00,21,000	1,00,21,000
	Frontier Watch and Ward	Frontier Watch and Ward	..	1,81,77,000	1,81,77,000
	Territorial and Political Pensions.	Territorial and Political Pensions	..	30,45,000	30,45,000
	Bangalore	Distributed over respective heads of account.	..	14,91,000	14,91,000
	Western India States Agency	Defence Services	..	17,52,000	17,52,000
	Defence Services	Defence Services	..	49,58,47,000	49,58,47,000
	TOTAL		25,52,49,000	75,59,03,000	(a) 1,01,11,52,000
	B.—Expenditure charged to Capital.				
88	Capital outlay on Security Printing.	Capital outlay on Security Printing Press.	1,000	..	1,000
89	Forest Capital outlay	Capital outlay on Forests.	1,000	..	1,000
90	Irrigation	Construction of Irrigation Works.	1,000	..	1,000
91	Indian Posts and Telegraphs	Capital outlay on Posts and Telegraphs.	39,68,000	2,000	39,70,000
93	Capital outlay on Currency Note Press.	Currency Capital outlay not charged to Revenue.	1,000	..	1,000
94	Capital outlay on Vizagapatam Harbour.	Capital outlay on Vizagapatam Port.	18,43,000	3,000	18,46,000
95	Capital outlay on Lighthouses and Lightships.	Capital outlay on Lighthouses and Lightships.	1,000	..	1,000
96	Commuted value of Pensions	Payment of Commuted Value of Pensions.	24,11,000	25,45,000	49,56,000
96A	Expenditure on retrenched personnel charged to capital.	Payments to retrenched personnel.	1,000	..	1,000
97	Delhi Capital outlay	Initial expenditure on New Capital at Delhi.	67,67,000	..	67,67,000
	TOTAL		1,49,95,000	25,50,000	1,75,45,000
	C.—Disbursements of Loans and Advances.				
98	Interest-free advances	..	64,98,000	..	64,98,000
99	Loans and advances bearing interest.	..	8,33,03,000	..	8,33,03,000
	TOTAL		8,98,01,000	..	8,98,01,000
	GRAND TOTAL		36,00,45,000	75,84,53,000	1,11,84,98,000

(a) This figure is arrived at from the Budget Statement as follows:—

	Rs.
As per Statement B of the Budget Statement	1,20,24,06,000
Add—Working Expenses—	
Posts and Telegraphs	10,01,48,000
Irrigation	1,56,000
Refunds	3,42,69,000
	1,33,60,79,000
Deduct—Railway Expenditure	32,68,27,000
	1,01,11,52,000

GOVERNMENT OF INDIA.

LEGISLATIVE DEPARTMENT.

The following Act* of the Indian Legislature received the assent of the Governor General on the 29th March 1934, and is hereby promulgated for general information :—

ACT IX OF 1934.

An Act to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary certain duties leviable under the Indian Tariff Act, 1894, to fix maximum rates of postage under the Indian Post Office Act, 1898, to fix rates of income-tax and super-tax, further to amend the Indian Paper Currency Act, 1923, and to vary the excise duty on silver leviable under the Silver (Excise Duty) Act, 1930.

WHEREAS it is expedient to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary certain duties leviable under the Indian Tariff Act, 1894, to fix maximum rates of postage under the Indian Post Office Act, 1898, to fix rates of income-tax and super-tax, further to amend the Indian Paper Currency Act, 1923, and to vary the excise duty on silver leviable under the Silver (Excise Duty) Act, 1930; It is hereby enacted as follows :—

VIII of 1894.
VI of 1898.
X of 1923.
XVIII of 1930.

Short title and extent. 1. (1) This Act may be called the Indian Finance Act, 1934.

(2) It extends to the whole of British India, including British Baluchistan and the Sonthal Parganas.

XII of 1882.

2. The provisions of section 7 of the Indian Salt Act, 1882, shall, in so far as they enable the Governor General in Council to impose by rule made under that section a duty on salt manufactured in, or imported into, any part of British India other than Burma or Aden, be construed as if, for the year beginning on the 1st day of April, 1934, they imposed such duty at the rate of one rupee and four annas per maund of eighty-two and two-sevenths pounds avoirdupois of salt manufactured in, or imported by land into, any such part, and such duty shall, for all the purposes of the said Act, be deemed to have been imposed by rule made under that section.

Amendments of Schedule II and Schedule III to Act VIII of 1894. 3. (1) In the Second Schedule to the Indian Tariff Act, 1894,—

(a) for Item No. 37A the following item shall be substituted, namely :—

“ 37A	CIGARETTES . . .	Ad valorem . . .	25 per cent. and in addition either eight rupees and two annas per thousand or three rupees and four annas per pound, whichever is higher.”;
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* The Indian Finance Bill, 1934, was passed in this form by the Legislative Assembly on the 28th March 1934 and by the Council of State on the 29th *idem*.

(b) in Item No. 43BB, for the words "Six annas" in the fourth column the words "Five annas" shall be substituted; and

(c) for Item No. 221 the following item shall be substituted, namely:—

" 221	TOBACCO, unmanufactured.	Pound	Rs. 3-4-0	..	Rs. 2-12-0"
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(2) In the Third Schedule to the Indian Tariff Act, 1894, for the heading VIII of 1894, "HIDES AND SKINS" the heading "SKINS" shall be substituted, and in Item No. 3 the words "HIDES and" shall be omitted.

(3) Notwithstanding anything contained in section 4 of the Indian Finance Act, 1931, or in section 4 of the Indian Finance (Supplementary and Extending) Act, 1931, the additional duties imposed by those sections shall not be levied on any article chargeable with duty under Item No. 37A of the Second Schedule to the Indian Tariff Act, 1894, as amended by this section. VIII of 1894.

(4) Notwithstanding anything contained in section 4 of the Indian Finance (Supplementary and Extending) Act, 1931, the additional duty imposed by that section shall not be levied on any article chargeable with duty under Item No. 43BB of the Second Schedule to the Indian Tariff Act, 1894, as VIII of 1894 amended by this section.

4. For the year beginning on the 1st day of April, 1934, the Schedule contained in the First Schedule to this Act shall be inserted in the Indian Post Office Act, 1898, as the VI of 1898, First Schedule to that Act.

5. (1) Income-tax for the year beginning on the 1st day of April, 1934, shall be charged at the rates specified in Part I of the Second Schedule, increased in each case, except in the case of total incomes of less than two thousand rupees, by one-fourth of the amount of the rate.

(2) The rates of super-tax for the year beginning on the 1st day of April, 1934, shall, for the purposes of section 55 of the Indian Income-tax Act, 1922, be those specified in Part II of the Second Schedule, increased in each case by one-fourth of the amount of the rate.

(3) For the purposes of the Second Schedule "total income" means total income as determined for the purposes of income-tax or super-tax, as the case may be, in accordance with the provisions of the Indian Income-tax Act, 1922. XI of 1922.

(4) For the purpose of assessing and collecting income-tax on total incomes of less than two thousand rupees the Indian Income-tax Act, 1922, shall be deemed to be subject to the adaptations set out in Part III of the Second Schedule. XI of 1922.

6. In sub-section (7) of section 19 of the Indian Paper Currency Act, 1923, for the figures "1934" the figures "1935" shall be substituted. X of 1923.

7. (1) In sub-section (1) of section 3 of the Silver (Excise Duty) Act, 1930, for the words "six annas" the words "five annas" shall be substituted. XVIII of 1930.

(2) In section 5 of the Indian Finance (Supplementary and Extending) Act, 1931,—

(a) for the words "kerosene or silver" the words "or kerosene" shall be substituted; and

(b) the words, brackets and figures "or under the Silver (Excise Duty) Act, 1930," shall be omitted.

SCHEDULE I.

Schedule to be inserted in the Indian Post Office Act, 1898.

[See section 4.]

“ THE FIRST SCHEDULE.

INLAND POSTAGE RATES.

[See section 7.]

Letters.

For a weight not exceeding half a tola	One anna.
For a weight exceeding half a tola but not exceeding two and a half tolas.	One anna and three pies.
For every two and a half tolas, or fraction thereof, exceeding two and a half tolas.	One anna and three pies.

Postcards.

Single	Nine pies.
Reply	One and a half annas.

Book, Pattern and Sample Packets.

For the first five tolas or fraction thereof	Nine pies.
For every additional five tolas or fraction thereof in excess of five tolas.	Six pies.

Registered Newspapers.

For a weight not exceeding eight tolas	Quarter of an anna.
For a weight exceeding eight tolas and not exceeding twenty tolas.	Half an anna.
For every twenty tolas, or fraction thereof, exceeding twenty tolas.	Half an anna.

Parcels.

For a weight not exceeding twenty tolas	Two annas.
For a weight exceeding twenty tolas and not exceeding forty tolas.	Four annas.
For every forty tolas, or fraction thereof, exceeding forty tolas	Four annas.”

SCHEDULE II.

[See section 5.]

PART I.

Rates of Income-tax.

A. In the case of every individual, Hindu undivided family, unregistered firm and other association of individuals not being a registered firm or a company—

	Rate.
(1) When the total income is Rs. 1,000 or upwards, but is less than Rs. 1,500.	Two pies in the rupee.
(2) When the total income is Rs. 1,500 or upwards, but is less than Rs. 2,000.	Four pies in the rupees.
(3) When the total income is Rs. 2,000 or upwards, but is less than Rs. 5,000.	Six pies in the rupee.
(4) When the total income is Rs. 5,000 or upwards, but is less than Rs. 10,000.	Nine pies in the rupees.
(5) When the total income is Rs. 10,000 or upwards, but is less than Rs. 15,000.	One anna in the rupee.
(6) When the total income is Rs. 15,000 or upwards, but is less than Rs. 20,000.	One anna and four pies in the rupee.
(7) When the total income is Rs. 20,000 or upwards, but is less than Rs. 30,000.	One anna and seven pies in the rupee.
(8) When the total income is Rs. 30,000 or upwards, but is less than Rs. 40,000.	One anna and eleven pies in the rupee.
(9) When the total income is Rs. 40,000 or upwards, but is less than Rs. 1,00,000.	Two annas and one pie in the rupee.
(10) When the total income is Rs. 1,00,000 or upwards.	Two annas and two pies in the rupee.

B. In the case of every company and registered firm, whatever its total income.

Two annas and two pies in the rupee.

PART II.

Rates of Super-tax.

In respect of the excess over thirty thousand rupees of total income—

	Rate.
(1) in the case of every company—	
(a) in respect of the first twenty thousand rupees of such excess	Nil.
(b) for every rupee of the remainder of such excess	One anna in the rupee.
(2) (a) in the case of every Hindu undivided family—	
(i) in respect of the first forty-five thousand rupees of such excess.	Nil.
(ii) for every rupee of the next twenty-five thousand rupees of such excess.	One anna and three pies in the rupee.

	Rate.
(b) in the case of every individual, unregistered firm and other association of individuals not being a registered firm or a company—	
(i) for every rupee of the first twenty thousand rupees of such excess.	Nine pies in the rupee.
(ii) for every rupee of the next fifty thousand rupees of such excess.	One anna and three pies in the rupee.
(c) in the case of every individual, Hindu undivided family, unregistered firm and other association of individuals not being a registered firm or a company—	
(i) for every rupee of the next fifty thousand rupees of such excess.	One anna and nine pies in the rupee.
(ii) for every rupee of the next fifty thousand rupees of such excess.	Two annas and three pies in the rupee.
(iii) for every rupee of the next fifty thousand rupees of such excess.	Two annas and nine pies in the rupee.
(iv) for every rupee of the next fifty thousand rupees of such excess.	Three annas and three pies in the rupee.
(v) for every rupee of the next fifty thousand rupees of such excess.	Three annas and nine pies in the rupee.
(vi) for every rupee of the next fifty thousand rupees of such excess.	Four annas and three pies in the rupee.
(vii) for every rupee of the next fifty thousand rupees of such excess.	Four annas and nine pies in the rupee.
(viii) for every rupee of the next fifty thousand rupees of such excess.	Five annas and three pies in the rupee.
(ix) for every rupee of the next fifty thousand rupees of such excess.	Five annas and nine pies in the rupee.
(x) for every rupee of the remainder of such excess	Six annas and three pies in the rupee.

PART III.

Adaptations of the Indian Income-tax Act, 1922, to provide for the summary assessments of income-tax on total incomes of less than Rs. 2,000

1. The Income-tax Officer may, save where he has served a notice under sub-section (2) of section 22 of the Indian Income-tax Act, 1922, make a summary assessment of the income of an assessee to the best of his judgment, and shall serve on the assessee a notice of demand in a form to be prescribed by the Central Board of Revenue; and such notice shall be deemed to be a notice of demand under section 29 of that Act.

2. Any assessee in respect of whom such summary assessment has been made, may, within thirty days of receipt of the notice of demand, make an application to the Income-tax Officer for the cancellation or revision of the

assessment, and the Income-tax Officer shall, after examining any accounts and documents and hearing any evidence which the assessee may produce, and such other evidence as the Income-tax Officer may require, determine, by order in writing the amount of the tax, if any, payable by the assessee, and such determination shall be final:

Provided that, if any assessee making such application files therewith a return of his income under sub-section (2) of section 22 of the Indian Income-tax Act, 1922, the application shall be deemed to be a return under that sub-section and shall be dealt with accordingly.

3. A copy of an order under paragraph 2 shall be served on the assessee to whom it relates and shall be deemed to be a notice of demand under section 29 of the Indian Income-tax Act, 1922.

4. The above procedure shall apply also to the assessment and collection during the financial year 1934-35 of incomes of Rs. 1,000 and upward and less than Rs. 2,000 which have escaped assessment in the financial year 1933-34.

REPORT OF THE SELECT COMMITTEE ON THE SUGAR (EXCISE DUTY) BILL, 1934.

We, the undersigned members of the Select Committee to which the Bill to provide for the imposition and collection of an excise duty on sugar was referred, have considered the Bill and have now the honour to submit this our Report with the Bill as amended by us annexed thereto.

Clause 1.—Although this Bill only imposes an excise duty, it cannot be considered independently of the import duty on sugar, because the difference between the two must give the necessary measure of protection. We consider that it is implicit in the present proposals that the surcharge should become merged in the import duty and no longer be regarded as a temporary emergency addition, and also that if any proposals are made for the reduction of the existing rate of import duty the Legislature should be given an opportunity simultaneously to review the excise duty.

Clause 2.—The additional definitions are rendered necessary by our decision referred to in the note on clause 3 that a lower rate of duty should be imposed on *Khandsari* sugar and that the rate of duty on palmyra sugar, if any such rate is considered necessary or advisable, should be fixed at some future date after further information is available.

Clause 3.—We have reduced the rate of duty proposed by the Bill to a rate of Re. 1 per cwt. upon sugar generally and a rate of ten annas per cwt. on *Khandsari* sugar. Although we recognised that the difference between the import duty *plus* surcharge now in force (Rs. 9-1-0 per cwt.) and the excise duty (Rs. 1-5-0) proposed in the original Bill amounting as it does to Rs. 7-12-0 per cwt. represents the maximum duty recommended by the Tariff Board and accepted by the Legislature as a measure of protection, we are not satisfied that the preservation of the difference in this manner will produce exactly the same effect as the measure of protection promised. We are also apprehensive that the imposition of an excise duty of Rs. 1-5-0 may in the early stages of the development of the sugar industry prove unduly onerous and check that development. On the other hand we consider that a duty of Re. 1 per cwt. may be safely imposed.

Our reduction of the rate of duty to be payable by *Khandsari* sugar is prompted by the consideration that there is a lower margin of profit in the case of sugar made by factories working by the *Khandsari* process and that such sugar is accordingly less capable of shouldering the proposed duty.

We are also apprehensive that if the *Khandsari* industry is suddenly seriously damaged that may react on the growers of cane who rely on the disposal of cane or *gur* to *Khandsari* factories.

In the case of palmyra sugar, we have been handicapped by the absence of reliable information regarding the extent and the nature of the industry, but we feel unwilling to inflict a blow, the effects of which we cannot measure, on an industry which we understand owed its revival to the favourable circumstances provided in the last couple of years and on which very large numbers of the rural population of Madras are dependent. We have accordingly provided that palmyra sugar should be exempt from the excise duty until the duty can be fixed in the light of further information. We desire to record our view that before the Governor General in Council fixes a rate of excise duty on palmyra sugar an opportunity should be given to the Legislature to express its views upon the proposals of Government.

Clause 4.—We have reduced the amount of the penalty which may be exacted for non-payment of duty.

Clause 5.—The change here made assimilates the wording of the clause to that used in sub-clause (1) of clause 3.

Clause 7.—We consider it unnecessary to impose a penalty of imprisonment for an offence under this clause. We have, however, enhanced the fine which may be imposed.

Clause 8.—We have enhanced the fine to accord with that now provided in clause 7.

Clause 11.—We have slightly expanded clause (b) of sub-clause (2) in order to enable the requisite provision to be made for controlling the movements of sugar used within a factory and liable to duty under sub-clause (1) of clause 3. The change made in clause (c) is advisable in order to enable inspections as well as searches to be made. The change made in sub-clause (3) of this clause is prompted by the same considerations as that made in clause 7.

We desire to record our conviction that Government should, in return for the tax which they are now levying upon the sugar industry, afford all possible help to the industry by the organisation of measures of research, both agricultural (evolution of better types of cane, etc.) and industrial (disposal of bye-products, etc.).

3. The Bill was published in the Gazette of India, dated the 17th March 1934.

4. We think that the Bill has not been so altered as to require republication, and we recommend that it be passed as now amended.

*B. L. MITTER.
 *GEORGE SCHUSTER.
 *F. NOYCE.
 *F. E. JAMES.
 *C. S. RANGA IYER.
 *NIHAL SINGH.
 *NAWAB AHMAD NAWAZ KHAN.
 *G. S. BAJPAI.
 *R. S. SARMA.
 *R. P. BAGLA.
 *G. MORGAN.
 *TALIB MEHDI KHAN.
 JAGANNATH AGGARWAL.
 *BHAI PARMANAND.
 A. DAS.
 *S. C. MITRA.
 *HARI RAJ SWARUP.
 *MOHD. AZHAR ALI.
 *HAJI ABDoola HAROON.
 *BHUPUT SING.
 *A. RAMASWAMI MUDALIAR.

NEW DELHI; }
 The 10th April, 1934. }

MINUTES OF DISSENT.

We are unable to agree that the rate of duty on sugar generally should be reduced from Rs. 1-5-0 per cwt. to Re. 1 per cwt. We consider that if the import duty is maintained at such a level above the excise duty that the difference represents the amount of the protective duty recommended by the Tariff Board, then the industry cannot claim that it is not receiving that measure of protection. To demand more than this is to imply that the measure of protection recommended by the Tariff Board is not sufficient. No evidence in support of this was produced before the Select Committee.

On the more general point that, quite apart from any question of whether the promised measure of protection would be maintained or not, the imposition of an excise duty at the rate of Rs. 1-5-0 per cwt. would check the proper and reasonable development of the industry, no evidence in the way of figures was produced before the Committee, nor were the figures on which the Government had based its calculations effectively challenged. We feel therefore that the case for the Government proposal has in no way been shaken and that a reduction of the duty to Re. 1 per cwt. is a purely arbitrary proposal, based on no careful examination of what the industry can stand.

Apart from the above considerations which induce us to support an excise of Rs. 1-5-0 on its merits we must point out that a reduction to Re. 1 would entail a loss of about Rs. 34 lakhs in 1934-35 or 38 lakhs on a full year's working at the estimated rate of Indian production for 1934-35. As the Indian production increases the loss will of course increase. Such a change would therefore disturb the whole financial plan on which the budget was framed, with its proposal for a transfer of half the jute export duty to Bengal and other provinces.

As regards the recommendation in the main report on clause 1, we consider that Government should be under an obligation not to do anything without the approval of the Legislature to vary their declared policy of maintaining the difference between the import and excise duties at the level recommended by the Tariff Board. If the excise duty were to be reduced to Re. 1 then the difference would be in excess of this level even in present conditions when the selling price of Java sugar justifies an additional margin of 8 annas. We consider that Government should be free to reduce this difference to that recommended by the Tariff Board without bringing the excise legislation under review.

B. L. MITTER.

GEORGE SCHUSTER.

F. NOYCE.

NIHAL SINGH.

NAWAB AHMAD NAWAZ KHAN.

G. S. BAJPAI.

R. S. SARMA.

TALIB MEHDI KHAN.

I was opposed to the proposal of fixing the excise duty at rupee one for the factories and ten annas for the *Khandsari* made and carried by the non-official members in the Select Committee. I dare say, however, I would not

have cared to write this note of dissent, if the Government for the sake of creating a spirit of compromise, would have stooped down a little and agreed to the proposal. Personally speaking I did not believe in the principle of imposing an excise duty on an infant industry as the sugar industry is at the present moment. The Assembly, having agreed to the principle, I think at this stage instead of Rs. 1-5-0 per cwt. half the amount of the proposed duty would have been quite sufficient and proper at least for the years upto 1938. My reasons are as follows :—

In order to explain my point clearly, I want to take a free extract from the Sugar Industry Act, 1932. It begins "Whereas it is expedient in pursuance of the policy of discriminating protection of industries in British India, with due regard to the well-being of the community, to provide for the fostering and development of the sugar industry for a period ending with the 31st day of March, 1946, by determining the extent of protection to be conferred upto 31st day of March, 1938, and by making provision for the determination of the extent of the protection for the remainder of the period". May I ask the Honourable the Finance Member if by bringing in this excise duty Bill he is acting in consonance with the spirit and letter of the Sugar Protection Act. The clause No. 4 of the Protection Act says "If the Governor General in Council is satisfied, after such enquiry as he thinks fit, that sugar not manufactured in India is being imported into British India at such a price as is likely to render insufficient the benefits intended to be conferred upon the sugar industries by the duties imposed by section 2, he may, by notification in the Gazette of India, increase such duty to such an extent as he thinks fit."

From the above, it is quite clear that at the time of bringing in the protection Bill, the Government were not only anxious to foster and develop the sugar industry in India but also to give powers to the Governor General to increase the import duty on sugar if he found that foreign made sugar was selling in India "at a price as is likely to render insufficient the benefits intended to be conferred upon the sugar industries, etc."

It is hard even to guess what has happened during this short period of 1½ years which has radically changed the attitude of the Government towards the industry. The Honourable the Finance Member's chief reason for imposing the excise duty is to counter-balance the surcharge on the import duty which he now seeks to merge into the import duty. Let me examine the argument. Import duty on sugar was being levied ever since 1894. It was at first 5 per cent., in 1916 increased to 10 per cent., in 1921 to 25 per cent. and in 1925, this *ad valorem* was converted into specific duty at Rs. 4-8-0 per cwt. which was raised to Rs. 6 per cwt. in February 1930. This import duty was a revenue measure, and in 1932 when one rupee and four annas was added to it for protection purposes, both this import duty and surcharge were already there as revenue measure. By the imposition of such a heavy excise duty, the Government are virtually taking away the protection of Rs. 1-4-0 per cwt. so generously granted by them in 1932. I would ask the Honourable the Finance Member how this fact stands in contrast with the professions of the Government as expressed in the Protection Act. It were these open professions and the policy laid down accordingly which created a deep impression on the public mind and which led to the establishment of unusually large number of sugar factories from which the protection is now practically being withdrawn and most of them will be left to struggle and help themselves in the best way they can.

BHAI PARMANAND.

It is a pity the Government did not see their way to alter the plan of taxing the production of sugar instead of taxing the profits of sugar factories. I would have supported a sugar factories profit Bill but I cannot support the policy of putting the proposed tax on an important article of food for the millions of poor people in India. This is not the way to encourage the sugar industry in this country.

C. S. RANGA IYER.

I am of opinion that the number of workers, viz., twenty under the definition of "Factory" is too high. I think the number should be reduced to ten as *Khandsari* concerns may have men working on the drying of sugar in spaces outside the definition of "Factory or within the precincts of which" and have less than twenty actually working in the Factory.

I also am of opinion that the rate of Excise for *Khandsari* sugar should be the same as for Factory sugar.

I do not quite see the necessity for sub-clause (4) of clause 11 of the Bill as the Governor General in Council will only require to use a Local Government as his agent, and I understand that power for that purpose is already in existence.

G. MORGAN.

I am not satisfied that the case as presented by the sugar industry in the Select Committee justifies a reduction in the excise duty from Rs. 1-5-0 to Re. 1. The figures which were given in support of this claim were conflicting and inadequate. Unfortunately the consideration of this question is intimately bound up with the general financial proposals of the Finance Member, which affect the solvency of one Province and involve the structure of India's credit. On the information available to the Committee, it required a strong case to justify the radical modification of the Government's financial plan involved in the reduction of the duty to the level suggested by my colleagues, even allowing for the inclusion of *Khandsari* sugar at a lower rate, the result of which is entirely problematical.

On the other hand, there is some force in the apprehension that the immediate imposition of the Rs. 1-5-0 duty may involve hardship to some of the factories which have recently started. Rapid and uncontrolled production has in fact been encouraged under the shelter of the combined protective and revenue tariff; and Government cannot entirely escape the consequences of its own policy. I therefore suggest that the excise duty of Rs. 1-5-0 be imposed only as from August 1st, 1934. This will give a breathing space to the newer factories, and will give Government adequate time in which to perfect their own administrative arrangements and to consult the interests concerned before framing their rules under the Act.

2. I do not imply the slightest criticism of my colleagues when I suggest that it would have been preferable if the sugar industry had presented its case for a reduction in the excise duty through witnesses, whom the Committee could have examined before arriving at its independent conclusions.

It was, of course, of great advantage to have among our colleagues those who have direct experience of the matter which was under consideration; but the Report would have carried greater weight if it had been based upon an exhaustive examination of evidence presented to it by expert witnesses.

F. E. JAMES.

Though I have affixed my signature to the Majority Report wherein the Excise Duty has been reduced from Rs. 1-5-0 to Re. 1, I am inclined to the alternate suggestion of keeping the duty at Rs. 1-5-0 but bringing the operation of the excise duty from August 1st. This in my opinion will be fair to all interests concerned.

I also suggest that section 10 of the Tariff Act should not be put into operation with regard to contracts made before the presentation of the current Budget.

R. P. BAGLA.

EXPLANATORY NOTE.

We have suggested the reduction of excise duty from Rs. 1-5-0 to Re. 1 per cwt. on two grounds.

1. Taking the price of Java Sugar and the price of Indian sugar we are convinced that owing to internal competition there is no strict parity in selling prices between the two. It is admitted that in some centres at any rate Indian Sugar is sold at rates lower than those of Java Sugar. We have tried to compare the price level and also to work out on the basis of Tariff Board calculations the fair selling price of Indian sugar. It has unfortunately not been possible to get an agreement on the facts with regard to these prices, but we feel convinced that an excise duty of Re. 1 will more correctly represent the duty which the industry can pay, having regard to the declared intention of the Government to give an effective protection of Rs. 7-12-0 per cwt.

We were told in Committee that if after the imposition of an excise duty of Rs. 1-5-0 the industry finds itself in a less protected state than contemplated by the Tariff Board i.e. does not get the effective protection of Rs. 7-12-0 per cwt. it might apply for a fresh enquiry by the Tariff Board. In our opinion this is inverting the process. The industry has made out a case for protection and the Tariff Board has made its recommendations. It is maintained by the Government that after payment of the excise duty of Rs. 1-5-0 per cwt. the industry will have an effective protection of Rs. 7-12-0 per cwt. The Select Committee therefore is bound to see whether these facts are correct and it would be unfair to the industry to levy the excise duty irrespective of the extent of protection afforded to it and then ask it to await the decision of an enquiry by the Tariff Board. Having given the most careful consideration to all these facts we have come to the conclusion that an excise duty of more than Re. 1 per cwt. will be adverse to the interests of the industry and materially affect the measure of protection which according to the Government it ought to have at present.

2. The Finance Member estimated that he will get a crore and 47 lakhs by the imposition of this excise duty at Rs. 1-5-0 per cwt. We consider this an under-estimate. Owing to the growth of the new factories and large

quantities of sugar bound to be manufactured in the current year, we estimate that at least 750,000 tons of sugar will be produced as against the Government estimate of 646,000 tons. Moreover, as the Government estimate did not include the *Khandsari* sugar which amounts to nearly 250,000 tons and of which at least 60 per cent. is produced by the factories, the total amount of revenue at Rs. 1-5-0 per cwt. would come to Rs. 2 crores, 36 lakhs and 25 thousand.

In a taxation measure it is the duty of the Legislature to see that no more revenue is granted than is asked for by the Government. We find that even on the basis of Re. 1 per cwt. the Government would get at least a crore and 47 lakhs that they have budgeted for. This is another reason why we have accepted the reduced rate of excise duty.

It has been suggested in the Select Committee that as other sources of revenue may not come up to expectations the Government is bound to get all it can out of sugar and that even if the yield from the excise duty went up much above 1 crore and 47 lakhs it was legitimate on the part of the Government to press for its proposal of Rs. 1-5-0 per cwt. We must confess we are unable to accept this contention. Taxation proposals have strictly to be interpreted and no Government is entitled to get more than it has asked for under that proposal. If it could be proved that by lowering the rate of duty the budget provision can be kept in tact the proposal must meet with approval. There is only one relevant consideration which may effect our decision. The increase in the internal production of sugar has an obvious bearing on the imports of sugar. But the Finance Member has estimated that this year's imports would be only 110,000 tons as against the import of over 330,000 tons during last year. There is no possibility of the estimated figure of the imports being reduced owing to increased internal production particularly in view of the fact that due to the imposition of the excise duty, competitive conditions will be keener and that as estimated by the Sugar Technologist the consumption of sugar will also be larger.

Palmyra Sugar.

In the Select Committee it was agreed that if the Government after investigation were convinced that a duty on Palmyra sugar was justified they would ask the approval of the Legislature to the levying of that duty by means of a resolution. The Select Committee agreed to this proposal of the Government. We want to make this position clear in view of the ambiguous language of the report which says 'We desire to record our view that before the Governor General in Council fixes a rate of excise duty on palmyra sugar an opportunity should be given to the Legislature to express its view upon the proposals of the Government.'

S. C. MITRA.

HARI RAJ SWARUP.

MOHD. AZHAR ALI.

HAJI ABDOOLA HAROON.

BHUPUT SING.

A. RAMASWAMI MUDALIAR.

NOTE.

In addition to the Note which I signed with my other colleagues, I would like to add the following note :—

I am strongly of opinion that the Bill should come into force from 1st August, 1934, instead of 1st April, 1934, as is recommended by the majority. It is an acknowledged fact that sugar factories in North Bihar have suffered heavily on account of earthquake and it is desirable that some concession should be given to them.

The Honourable the Finance Member himself took the same view in his Budget speech. If my suggestion is not accepted by the majority, I would still like to emphasise that on account of special circumstances existing in Bihar the sugar factories in North Bihar should be exempted from the operation of this Act till 1st August, 1934.

HAJI ABDULLA HAROON.

THE SUGAR (EXCISE DUTY) BILL AS AMENDED BY THE SELECT COMMITTEE.

[Words printed in italics indicate the amendments suggested by the Committee.]

A Bill to Provide for the imposition and collection of an excise duty on sugar.

WHEREAS it is expedient to impose an excise duty on sugar produced in factories and to provide for the collection thereof; It is hereby enacted as follows :—

Short title and extent. 1. (1) This Act may be called the Sugar (Excise Duty) Act, 1934.

(2) It extends to the whole of British India, including British Baluchistan and the Sonthal Parganas.

Definitions. 2. In this Act, unless there is anything repugnant in the subject or context,—

(a) “factory” means any premises wherein, or within the precincts of which, twenty or more workers are working or were working on any day of the preceding twelve months, and in any part of which any manufacturing process connected with the production of sugar is being carried on or is ordinarily carried on with the aid of power ;

(b) “owner” includes any person expressly or impliedly authorized by the owner of a factory to be his agent in respect of such factory ;*

(c) “sugar” means any form of sugar containing more than ninety per cent. of sucrose ;

(d) “khandsari sugar” means sugar in the manufacture of which neither a vacuum pan nor a vacuum evaporator is employed ; and

(e) “palmyra sugar” means sugar manufactured from jaggery obtained by boiling the juice of the palmyra palm.

3. (1) A duty of excise * * * shall be levied on all sugar produced in any factory in British India and either issued out of such factory on or after the 1st day of April, 1934, or used within such factory on or after the said date in the manufacture of any commodity other than sugar, and shall be payable by the owner of the factory.

(2) *The duty payable under sub-section (1) shall be at the following rates, namely :—*

(i) *on khandsari sugar at the rate of ten annas per cwt.;*

(ii) *on all other sugar except palmyra sugar at the rate of one rupee per cwt. ;*

(iii) *on palmyra sugar at such rate, if any, as may be fixed in this behalf by the Governor General in Council after such enquiry as he may think fit.*

4. (1) If any duty payable under section 3 is not paid within the time fixed by rules made in that behalf under this Act, Recovery of duty with penalty. it shall be deemed to be an arrear, and the authority to which such duty is payable may, in lieu thereof, recover any sum not exceeding *double* the amount of duty unpaid which such authority may in its discretion think it reasonable to require.

(2) An arrear of duty, or any sum recoverable in lieu thereof under this section, shall be recoverable as an arrear of land revenue and shall be recoverable in addition to, and not in substitution for, any other penalty incurred under this Act.

5. No person shall issue any sugar out * * * of a factory, Issue of sugar from factory.. except in accordance with the provisions of rules made in that behalf under this Act, or, until such rules are made, in accordance with the general or special orders of the Local Government.

6. (1) The Governor General in Council may, by notification in the Gazette of India, impose on sugar brought into British India from the territory of any State in India, not being territory which has been declared under section 5 of the Indian Tariff Act, 1894, to be foreign territory for the purposes of that section, a duty of customs equivalent to the excise duty imposed by this Act on sugar produced in British India. Power of Governor General in Council to impose customs duty on sugar.

VIII of 1894.

(2) The Governor General in Council may, by notification in the Gazette of India, declare that the provisions of the Land Customs Act, 1924, shall apply to the levy of the duty of customs imposed under this section, and on such declaration that Act shall apply as if the expression "foreign territory" in that Act included territory forming part of a State in India. XIX of 1924.

7. Whoever contravenes the provisions of section 5 shall be punishable with * * * fine which may extend to *two* thousand rupees. Penalty for issue of sugar from factory in contravention of section 5.

8. Whoever evades or attempts to evade the payment of any duty payable by him under this Act, or fails to supply any information which he is required by any rule made under this Act to supply, or knowingly supplies false information, shall be punishable with imprisonment which may extend to six months, or with fine which may extend to *two* thousand rupees, or with both. Penalty for evasion of duty or failure to supply information.

9. Any Court trying an offence under this Act may order that any sugar, together with the packages or coverings thereof, in respect of which the Court is satisfied that an offence under this Act has been committed, shall be forfeited to His Majesty. Power of Courts to order forfeiture of sugar.

10. The Governor General in Council may, by notification in the Gazette of India, declare that any of the provisions of the Sea Customs Act, 1878, relating to the levy of and exemption from customs duties, drawback of duty, warehousing, offences and penalties, confiscation, and Application of the provisions of Act VIII of 1878 to the duty on sugar.

VIII of 1878.

procedure relating to offences and appeals shall, with such modifications and alterations as he may consider necessary or desirable to adapt them to the circumstances, be applicable in regard to like matters in respect of the duty on sugar imposed by section 3.

11. (1) The Governor General in Council may, by notification in the *Power of Governor* Gazette of India, make rules to carry into effect General in Council to the purposes and objects of this Act.
make rules.

(2) In particular, and without prejudice to the generality of the foregoing power, such rules may—

- (a) provide for the assessment and collection of the duty and the authorities by whom functions under this Act are to be discharged, the issue of notices requiring payment, the manner in which the duty shall be payable, and the recovery of arrears ;
- (b) regulate the issue of sugar out of *or the use of sugar in the manufacture of commodities within* any factory and *provide for the appointment of officers of Government to supervise within any factory such issue or use ;*
- (c) impose on the owners of factories, and on persons engaged in the sale of sugar, the duty of furnishing information, keeping records and making returns, and prescribe the nature of such information and the form of such records and returns, the particulars to be contained therein, and the manner in which they shall be verified ;
- (d) provide for the detention of sugar for the purpose of exacting the duty, the confiscation otherwise than under section 9 of sugar in respect of which breaches of the Act or rules have been committed, and the disposal of sugar so detained or confiscated ;
- (e) authorize and regulate the *inspection or* search of any place or conveyance used for the manufacture, storage or carriage of sugar, and
- (f) authorize and regulate the composition of offences against or liabilities incurred under the Act and rules.

(3) In making any rule under this section the Governor General in Council may provide that a breach of the rule shall, where no other penalty is provided by this Act, be punishable with * * fine not exceeding two thousand rupees. * *

(4) The Governor General in Council may delegate all or any of his powers under this section to a Local Government.

LEGISLATIVE ASSEMBLY.

We, the undersigned, members of the Select Committee, to which the Bill to provide for the imposition and collection of an excise duty on matches was referred, have considered the Bill and have now the honour to submit this our Report, with the Bill as amended by us annexed thereto.

2. Sir Alan Parsons, Secretary to the Government of India in the Finance Department, and Mr. A. H. Lloyd, Member, Central Board of Revenue, attended the meetings of the Select Committee and assisted us with information. We have also had the advantage of hearing the evidence of representatives of the main interests engaged in the match industry in India.

3. The most important question that confronted us was whether the duty as fixed by the Bill would so react on the retail selling price of matches as to bring about a very serious diminution of sales. In order to avoid this it has seemed to us essential that the duty should be so regulated as to make it possible to have a reasonable sized box of matches retailed singly in the bazars at a price of one pice. After very careful consideration we have come to the conclusion that if this result is to be achieved, and a sufficient margin of profit left for retailers and manufacturers, the rate of excise duty, initially at least, should not be fixed higher than one rupee per gross of boxes containing on an average 40 matches. We hold that the duty should be at corresponding rates for matches in boxes of sixty and for matches in boxes of eighty, and that a classification of matches according to these standards is the most suitable and convenient from an administrative standpoint. For matches packed otherwise we have left the duty to be fixed by the Governor General in Council. This class of matches will disappear as soon as the provisions of the Bill are brought into full operation, when, we understand, a rule will be made limiting the number of matches which may be contained in a box to eighty. We are convinced that these proposals are fair to the industry, and are calculated to ensure the good will of the trade in working the Act. At the same time we consider that the situation should be carefully watched, and that the possibility of a subsequent enhancement or readjustment of the rates of duty should be continually borne in mind.

4. We have also given careful consideration to the position of the cottage industry for making matches. In this connection our attention was drawn to the recommendation contained in paragraph 136 of the Report of the Indian Tariff Board regarding the grant of protection to the Match industry to the effect that "though there was no ground for extending assistance to match manufacture as a cottage industry, it would be unfair by means of an excise duty to impose on cottage factories a special burden which would not be borne by better equipped concerns having greater financial resources". We feel that this contention has considerable force if the use of banderols is now to be imposed. We have, therefore, provided for the grant of a rebate of the duty payable under the Act at rates corresponding, when the difference in the sizes of boxes is taken into account, to the concession considered suitable by the Tariff Board, and we have followed the Tariff Board in taking the output of the factory as a suitable criterion for distinguishing the class of manufactories to which this concession may be extended. The danger of abuse of the concession by splitting up larger concerns into smaller units could be effectively met by the use of the power which the authorities will possess to grant or withhold licences to manufacture.

5. The main changes made in the Bill are explained in the following comments on the clauses affected.

Clause 2.—It has been represented as a possibility that matches might be manufactured capable of being ignited more than once and that the provisions of the Bill might by this expedient be partly evaded. The definitions of splints and veneers are rendered necessary by our alteration of clause 9 to provide for the control of the manufacture and the import of splints and veneers, a measure which seems essential for the successful administration of the provisions relating to matches.

Clause 4.—The changes here made give effect to our conclusions regarding the rate of duty.

Clause 8.—We have recast this clause to provide that the notification requiring banderols upon matches offered for sale may be issued subsequently to that prohibiting issue of unbanded matches from manufactories. In the normal course it would be impossible in practice to enforce the presence of banderols on matches offered for sale until some time after the manufacture of banded matches had been effectively organised. A power of exemption is also provided, for matches intended for export will not require to bear banderols and there may be special kinds of fancy boxes on which it would be inconvenient or impossible to affix the standard banderols.

Clause 9.—It will be necessary for the purpose of effectively enforcing the provisions of the Bill relating to matches to control also the supply of splints and veneers employed exclusively in the manufacture of matches and match-boxes. The amendments here made supplemented by the consequential changes in clauses 13, 15 and 18 enable this to be done.

Clause 12.—The re-draft is consequential on the changes made in clause 8. We have also added a penalty of imprisonment for the offence of issuing unbanded matches.

Clause 13.—The re-draft is consequential on the changes made in clause 9.

Clause 18.—Most of the changes are consequential. The change in clause (h) of sub-clause (2) enables provision to be made for inspection as well as searches, while that in clause (d) gives the required power to limit the number of matches contained in a box or booklet to eighty.

New Clause 19.—This clause is inserted for the purpose explained in paragraph 4 above.

Old Clause 19 (now Clause 20).—In consequence of the change made in the rate of duty proposed by the Bill a change has been made here to bring the customs duty which constitutes the protection afforded to the Indian industry into accord with the duty now proposed.

6. We must point out in connection with this Bill that there is a very real danger that the revenue expected to accrue from the duty proposed might be adversely affected if as a result of the Bill the use of mechanical lighters developed so as to become a serious rival to matches. Such lighters are at present wholly imported from abroad; but the possibility of the organisation of local manufacture is not to be ignored. To safeguard the excise duty on matches it seems to be necessary that they should be subjected to a suitable excise duty, and that imported lighters should be subjected to a corresponding enhancement of the customs duty. We are advised that provisions to this

effect would be outside the scope of the present Bill. We think that a Bill embodying the requisite provisions should be introduced into the Legislature at once.

7. The Bill was published in the Gazette of India, dated the 17th March, 1934.

8. We think that the Bill has not been so altered as to require republication and we recommend that it be passed as now amended.

B. L. MITTER.
GEORGE SCHUSTER.
F. NOYCE.
HARBANS SINGH.
S. R. PANDIT.
*B. SITARAMARAJU
L. HUDSON.
DARCY LINDSAY.
N. N. ANKLESARIA.
*B. V. JADHAV.
R. D. DALAL.
M. A. AZIM.
*S. C. MITRA.
D. N. MUKERJEE.
*SATYENDRA NATH SEN.
*COWASJI JEHangIR (JR.)
A. H. GHUZNAVI.
*S. K. MAHAPATRA.
R. S. SARMA.

NEW DELHI ;
The 14th April, 1934.

* Subject to a minute of dissent.

MINUTE OF DISSENT.

We desire to draw attention to the Statement of Objects and Reasons. All the States having match factories within their territory have not yet consented to enter into an agreement with Government to pay into a common pool the proceeds of the excise duty which they collect from their States. Such States that do enter into an agreement are to receive back from the common pool an amount calculated on a population basis. We do not believe this to be a very equitable arrangement, as we consider that, due to the difference in the standards of living in British India and in Indian States, the consumption of matches in British India must be greater than the ratio of the population.

States in India which have no match factories within their territory are also going to be allowed to enter into agreements with Government whereby they are to get their proportionate share of the excise duty from the very start, in return for an undertaking that they will levy excise duty when a match factory or factories are constructed in their States. The result will be that every Indian State, big or small, will have the privilege of sharing in this excise duty. Excise on matches, to be collected in all units of the Federation, was considered to be one of the most valuable sources of revenue for the future Federal Government. If all States are to be given the privilege of sharing this revenue immediately, it will be most difficult in the future to get them to give it up for the benefit of the Federal Government. They will get accustomed to count upon this source of revenue for their own use and we are afraid that this precedent will be a cause of considerable embarrassment to the future Federal Government. We object to the principle of allowing Indian States to share in this source of revenue. We would prefer to see it confined to British India and stop the import of matches from all Indian States into British India. We realise that there will be considerable difficulty in doing so effectively in some parts of India, but we believe that Government could make all States co-operate with the Customs Department to stop smuggling. Indian States have to come to Government for assistance on many occasions and in many directions. We are of opinion that Government are in a position to stipulate with Indian States that the revenues of British India should be safeguarded against malpractices of all kinds.

COWASJI JEHangIR (JR.).

S. C. MITRA.

B. V. JADHAV.

B. SITARAMARAJU.

S. K. MAHAPATRA.

SATYENDRA NATH SEN.

(Words printed in italics indicate the amendments suggested by the committee.)

A Bill to provide for the imposition and collection of an excise duty on matches.

WHEREAS it is expedient to impose an excise duty on matches, to provide for the collection thereof, and to alter the duty of customs leviable on matches under the Indian Tariff Act, 1894 ; It is hereby enacted as follows :—

Short title and extent. 1. (I) This Act may be called the Matches ^{VIII of} 1894. (Excise Duty) Act, 1934.

(2) It extends to the whole of British India, including British Baluchistan and the Sonthal Parganas.

2. In this Act, unless there is anything repugnant in the subject or context,—
Definitions.

- (a) "manufactory" means any premises wherein matches are manufactured ;*
- (b) "match" includes a firework in the form of a match ; and, where a matchstick contains more heads than one capable of being ignited by striking, each such head shall be deemed to be a match ;
- (c) "owner" includes any person expressly or impliedly authorized by an owner of a manufactory to be his agent in respect of the manufactory ;
- (d) "splints" means undipped splints such as are ordinarily used for making matches ; and
- (e) "veneers" means veneers such as are ordinarily used for making match-boxes.

3. A duty of excise at the rates specified in section 4 shall be levied on all matches manufactured in any manufactory in British India and issued out of such manufactory on or after the 1st day of April, 1934, and shall be payable by the owner of the manufactory.

4. The duty payable under section 3 shall be levied at the following rates, namely :—
Rates of duty.

- (a) on matches in boxes or booklets containing on an average not more than eighty—
 - (i) if the average number is forty or less, at the rate of one rupee per gross of boxes or booklets,
 - (ii) if the average number is more than forty but not more than sixty, at the rate of one rupee and eight annas per gross of boxes or booklets, and
 - (iii) if the average number is more than sixty, at the rate of two rupees per gross of boxes or booklets, and
- (b) on all other matches, at such rate as the Governor General in Council may prescribe.

5. (1) If any duty payable under section 3 is not paid within the time fixed by rules made in that behalf under this Act, it shall be deemed to be an arrear, and the authority to which such duty is payable may, in lieu thereof, recover any sum not exceeding four times the amount of duty unpaid which such authority may in its discretion think it reasonable to require.

(2) An arrear of duty, or any sum recoverable in lieu thereof under this section, shall be recoverable as an arrear of land revenue and shall be recoverable in addition to, and not in substitution for, any other penalty incurred under this Act.

6. No person shall issue any matches out of a manufactory, except in accordance with the provisions of rules made in that behalf under this Act, or, until such rules are made, in accordance with the general or special orders of the Local Government.

7. The Governor General in Council may, by notification in the Gazette of India, prohibit absolutely, or with such exceptions as he thinks fit, the bringing of matches into British India from the territory of any specified Prince or Chief in India.

8. (1) The Governor General in Council may, by notification in the Gazette of India, direct that after a date to be specified in the notification no matches manufactured after the date of the issue of the notification shall be issued from a manufactory in British India except in packets, boxes or booklets bearing a banderol or stamp of such nature and affixed in such manner as may be prescribed by rules made under this Act.

(2) The Governor General in Council may, by a like notification, direct that, after a date to be specified in the notification, no matches shall be sold or offered or kept for sale in British India except in packets, boxes or booklets bearing such a banderol or stamp so affixed.

(3) The Governor General in Council may exempt from the operation of any notification made under sub-section (1) matches intended for export from India.

(4) The Governor General in Council may exempt from the operation of any notification made under sub-section (2) matches of a particular kind or packed in a particular manner.

9. From such date as may be fixed by the Governor General in Council by notification in the Gazette of India in this behalf—
Prohibition of manufacture of matches and manufacture and import of splints and veneers.

(a) no person shall manufacture matches or splints or veneers in British India except under and in accordance with a licence to manufacture issued under this Act ;

(b) no person shall import splints or veneers into British India except under and in accordance with a licence to import, and

(c) *no person shall supply splints or veneers to any person who does not possess a licence to manufacture, matches issued under this Act nor otherwise than in such manner as may be prescribed by rules made under this Act.*

10. Whoever contravenes the provisions of section 6 shall be punishable with imprisonment which may extend to six months, or with fine which may extend to one thousand rupees, or with both.

Penalty for issue of matches from manufactory in contravention of section 6.

11. (1) Whoever, in contravention of any notification made under section 7, imports, or attempts to import, matches into British India shall be punishable with imprisonment which may extend to six months, or with fine which may extend to four times the amount of the duty which would be payable on the matches if they were liable to duty in British India or to one thousand rupees, whichever is greater, or with both imprisonment and fine.

Penalty for import of matches in contravention of Act.

(2) Whoever abets an offence punishable under sub-section (1) shall, ^{XLV of} whether such offence is or is not committed in consequence of such abetment, 1860. and notwithstanding anything contained in section 116 of the Indian Penal Code, be *punishable* with the punishment provided for the offence.

12. (1) Whoever, in contravention of any direction made under sub-section (1) of section 8, issues any matches from any manufactory, * * * * * shall be punishable with imprisonment which may extend to six months, or with fine which may extend to one thousand rupees or to one rupee for every * packet, box or booklet of matches in respect of which an offence has been committed, whichever is greater, or with both imprisonment and fine.

Penalty for issue or sale of matches without banderol.

(2) *Whoever, in contravention of any direction made under sub-section (2) of section 8, sells or offers for sale any matches shall be punishable with fine which may extend to one thousand rupees or to one rupee for every packet, box or booklet of matches in respect of which an offence has been committed, whichever is greater.*

13. Whoever, * * * * * in contravention of the provisions of section 9 manufactures matches or splints or veneers or imports splints or veneers into British India or supplies splints or veneers to any person shall be punishable with imprisonment which may extend to six months, or with fine which may extend to one thousand rupees, or with both.

Penalty for manufacture of matches and manufacture and import of splints and veneers without licence.

14. Whoever evades, or attempts to evade, the payment of any duty payable by him under this Act, or fails to supply any information which he is required under this Act or the rules to supply, or knowingly supplies false information, shall be punishable with imprisonment which may extend to six months, or with fine which may extend to one thousand rupees, or with both.

Penalty for evasion of duty or failure to supply information.

15. Any Court trying an offence under this Act may order that any matches, *splints or veneers*, together with the boxes, packing or wrappings thereof, in respect of which the Court is satisfied that an offence under this Act has been committed, shall be forfeited to His Majesty.

16. The law for the time being in force relating to Sea Customs and to goods the importation of which is prohibited by section 18 of the Sea Customs Act, 1878, shall apply in respect of matches, *splints or veneers*, the importation of which is prohibited by or under this Act, and the officers of Customs and the officers empowered under the Sea Customs Act, 1878, to perform the duties imposed by that Act on a Customs-Collector and other officers of Customs shall have the same powers in respect of such matches, *splints or veneers* as they have for the time being in respect of goods the importation of which is prohibited by section 18 of the Sea Customs Act, 1878 ;

Provided that the penalty for the offence specified in section 167, No. 8, of the Sea Customs Act, 1878, shall, where the offence is committed in relation to matches, *splints or veneers* the importation of which is prohibited by or under ** this Act, be a penalty of confiscation only, and such penalty of confiscation shall not be inflicted under section 167, No. 8, of the Sea Customs Act, 1878, in any case where the person concerned in the offence is sent for trial under section 11 or section 13 of this Act.

17. The Governor General in Council may, by notification in the Gazette of India, declare that any of the provisions of the Sea Customs Act, 1878, relating to the levy of and exemption from customs duties, drawback of duty, warehousing, offences and penalties, confiscation, and procedure relating to offences and appeals shall, with such modifications and alterations as he may consider necessary or desirable to adapt them to the circumstances, be applicable in regard to like matters in respect of the duty on matches imposed by section 3.

18. (1) The Governor General in Council may, by notification in the Gazette of India, make rules to carry into effect the purposes and objects of this Act.

(2) In particular, and without prejudice to the generality of the foregoing power, such rules may—

- (a) prescribe the rate of * duty referred to in clause (b) of section 4 ;
- (b) provide for the assessment and collection of the duty and the authorities by whom functions under this Act are to be discharged, the issue of notices requiring payment, the manner in which the duty shall be payable, and the recovery of arrears ;
- (c) provide for the distinguishing of matches, *splints or veneers* which have been manufactured under licence, of *splints or veneers* which have been imported under licence and of matches on which duty has been paid, or which are exempt from duty under this Act ;
- (d) regulate the issue of matches out of any manufactory and limit the number of matches which may be contained in a box or booklet ;

- (e) impose on the owners of manufactories and on persons engaged in the sale of matches the duty of furnishing information, keeping records and making returns, and prescribe the nature of such information and the form of such records and returns, the particulars to be contained therein, and the manner in which they shall be verified :
- (f) provide for the issuing of licences, the form and the conditions of licences, and the fees to be charged therefor ;
- (g) regulate the sale of *splints and veneers* ;
- (h) provide for the detention of matches for the purpose of exacting the duty, the confiscation, otherwise than under section 15, of matches, *splints and veneers* in respect of which breaches of the Act or rules have been committed, and the disposal of matches, *splints and veneers* so detained or confiscated ;
- (i) authorize and regulate the *inspection or* search of any place or conveyance used for the manufacture, storage or carriage of matches, *splints or veneers* ;
- (j) authorize and regulate the composition of offences against, or liabilities incurred under, the Act and rules including composite payments in lieu of duty ; and
- (k) prescribe the nature of and the manner of affixing banderols or stamps.

(3) In making any rule under this section the Governor General in Council may provide that a breach of the rule shall, where no other penalty is provided by this Act, be punishable with imprisonment for any term not exceeding six months, or with fine not exceeding one thousand rupees, or with both imprisonment and fine.

(4) The Governor General in Council may delegate all or any of his powers under this section to a Local Government.

19. *The Governor General in Council may, by notification in the Gazette of India, make rules to provide for the grant of a rebate of the duty payable under section 3 on matches manufactured in any manufactory whose daily output does not exceed one hundred gross of boxes to the following extent, namely :—*

Power of Governor General in Council to provide for rebate of duty.

- (i) *where the average number of matches in a box or booklet is forty or less, a rebate of ten pies per gross of boxes or booklets ;*
- (ii) *where the average number of matches in a box or booklet is more than forty but not more than sixty, a rebate of one anna and three pies per gross of boxes or booklets ; and*
- (iii) *where the average number of matches in a box or booklet is more than sixty, a rebate of one anna and eight pies per gross of boxes or booklets.*

VIII of
1894.

20. (1) In the Second Schedule to the Indian Tariff Act, 1894, for sub-head (a) of Item No. 159 and the entries in the third and fourth columns relating thereto the following sub-head and entries shall be substituted, namely :—

(a) Matches— (1) In boxes or booklets containing on an average not more than 40 matches.	Per gross of boxes or booklets.	The rate at which excise duty is for the time being leviable on such matches manufactured in British India plus ten annas.
(2) In boxes or booklets containing on an average more than 40 but not more than 60 matches.	Do.	The rate at which excise duty is for the time being leviable on such matches manufactured in British India plus fifteen annas.
(3) In boxes or booklets containing on an average more than 60 but not more than 80 matches.	Do.	The rate at which excise duty is for the time being leviable on such matches manufactured in British India plus one rupee and four annas.
(4) All other matches.	For every 48 matches or fraction thereof.	The rate at which excise duty is for the time being leviable on such matches manufactured in British India plus one pie."

(2) Notwithstanding anything contained in section 4 of the Indian Finance (Supplementary and Extending) Act, 1931, the additional duty imposed by that section of that Act shall not be levied or collected on any article chargeable with duty under sub-head (a), Item No. 159 of the Second Schedule to the Indian Tariff Act, 1894, as amended by this section.

VIII of 1894,
Burma Act
I of 1932.

21. The Burma (Excise) Duty on Matches Act, 1932, is hereby repealed with effect from the 31st day of March, 1934, but all the provisions of that Act and of the rules made thereunder shall, notwithstanding such repeal, continue to apply to any matches liable on the 31st day of March, 1934, to duty under section 3 of that Act, and to any proceedings commenced in relation to any such matches.

GOVERNMENT OF INDIA.

LEGISLATIVE DEPARTMENT.

The following Act* of the Indian Legislature received the assent of the Governor-General on the 1st May, 1934, and is hereby promulgated for general information :—

ACT No. XIV OF 1934.

An Act to provide for the imposition and collection of an excise duty on sugar.

WHEREAS it is expedient to impose an excise duty on sugar produced in factories and to provide for the collection thereof; It is hereby enacted as follows :—

Short title and extent. 1. (1) This Act may be called the Sugar (Excise Duty) Act, 1934.

(2) It extends to the whole of British India, including British Baluchistan and the Sonthal Parganas.

2. In this Act, unless there is anything repugnant in the subject or context,—

- (a) “factory” means any premises wherein, or within the precincts of which, twenty or more workers are working or were working on any day of the preceding twelve months, and in any part of which any manufacturing process connected with the production of sugar is being carried on or is ordinarily carried on with the aid of power;
- (b) “owner” includes any person expressly or impliedly authorized by the owner of a factory to be his agent in respect of such factory;
- (c) “sugar” means any form of sugar containing more than ninety per cent. of sucrose;
- (d) “*khandsari* sugar” means sugar in the manufacture of which neither a vacuum pan nor a vacuum evaporator is employed; and
- (e) “palmyra sugar” means sugar manufactured from jaggery obtained by boiling the juice of the palmyra palm.

3. (1) A duty of excise shall be levied on all sugar produced in any factory in British India and either issued out of such factory on or after the 1st day of April, 1934, or used within such factory on or after the said date in the manufacture of any commodity other than sugar, and shall be payable by the owner of the factory.

*The bill as amended by the Select Committee was passed in this form by the Legislative Assembly on the 20th April 1934 and by the Council of State on the 26th April 1934.

(2) The duty payable under sub-section (1) shall be at the following rates, namely :—

- (i) on *khandsari* sugar at the rate of ten annas per cwt.;
- (ii) on all other sugar except palmyra sugar at the rate of one rupee and five annas per cwt.;
- (iii) on palmyra sugar at such rate, if any, as may be fixed in this behalf by the Governor General in Council after such enquiry as he may think fit.

4. (1) If any duty payable under section 3 is not paid within the time fixed by rules made in that behalf under this Act, it shall be deemed to be an arrear, and the authority to which such duty is payable may, in lieu thereof, recover any sum not exceeding double the amount of duty unpaid which such authority may in its discretion think it reasonable to require.

(2) An arrear of duty, or any sum recoverable in lieu thereof under this section, shall be recoverable as an arrear of land revenue and shall be recoverable in addition to, and not in substitution for, any other penalty incurred under this Act.

5. No person shall issue any sugar out of a factory, except in accordance with the provisions of rules made in that behalf under this Act, or, until such rules are made, in accordance with the general or special orders of the Local Government.

6. (1) The Governor General in Council may, by notification in the Gazette of India, impose on sugar brought into British India from the territory of any State in India, not being territory which has been declared under section 5 of the Indian Tariff Act, 1894, to be foreign territory for the purposes of that section, a duty of customs equivalent to the excise duty imposed by this Act on sugar produced in British India.

(2) The Governor General in Council may, by notification in the Gazette of India, declare that the provisions of the Land Customs Act, 1924, shall apply to the levy of the duty of customs imposed under this section, and on such declaration that Act shall apply as if the expression "foreign territory" in that Act included territory forming part of a State in India.

7. Whoever contravenes the provisions of section 5 shall be punishable with fine which may extend to two thousand rupees.

8. Whoever evades or attempts to evade the payment of any duty payable by him under this Act, or fails to supply any information which he is required by any rule made under this Act to supply, or knowingly supplies false information, shall be punishable with imprisonment which may extend to six months, or with fine which may extend to two thousand rupees, or with both.

9. Any Court trying an offence under this Act may order that any sugar, together with the packages or coverings thereof, in respect of which the Court is satisfied that an offence under this Act has been committed, shall be forfeited to His Majesty.

VIII of
1894.

XIX of
1924.

10. The Governor General in Council may, by notification in the Gazette of India, declare that any of the provisions of the Sea Customs Act, 1878, relating to the levy of and exemption from customs duties, drawback of duty, warehousing, offences and penalties, confiscation, and procedure relating to offences and appeals shall, with such modifications and alterations as he may consider necessary or desirable to adapt them to the circumstances, be applicable in regard to like matters in respect of the duty on sugar imposed by section 3.

11. (1) The Governor General in Council may, by notification in the Gazette of India, make rules to carry into effect the purposes and objects of this Act.

(2) In particular, and without prejudice to the generality of the foregoing power, such rules may—

- (a) provide for the assessment and collection of the duty and the authorities by whom functions under this Act are to be discharged, the issue of notices requiring payment, the manner in which the duty shall be payable, and the recovery of arrears;
- (b) regulate the issue of sugar out of or the use of sugar in the manufacture of commodities within any factory and provide for the appointment of officers of Government to supervise within any factory such issue or use;
- (c) impose on the owners of factories, and on persons engaged in the sale of sugar, the duty of furnishing information, keeping records and making returns, and prescribe the nature of such information and the form of such records and returns, the particulars to be contained therein, and the manner in which they shall be verified;
- (d) provide for the detention of sugar for the purpose of exacting the duty, the confiscation otherwise than under section 9 of sugar in respect of which breaches of the Act or rules have been committed, and the disposal of sugar so detained or confiscated;
- (e) authorize and regulate the inspection or search of any place or conveyance used for the manufacture, storage or carriage of sugar; and
- (f) authorize and regulate the composition of offences against or liabilities incurred under the Act and rules.

(3) In making any rule under this section the Governor General in Council may provide that a breach of the rule shall, where no other penalty is provided by this Act, be punishable with fine not exceeding two thousand rupees.

(4) The Governor General in Council may delegate all or any of his powers under this section to a Local Government.

GOVERNMENT OF INDIA.

LEGISLATIVE DEPARTMENT.

The following Act* of the Indian Legislature received the assent of the Governor General on the 1st May, 1934, and is hereby promulgated for general information:—

ACT No. XVI OF 1934.

An Act to provide for the imposition and collection of an excise duty on matches.

WHEREAS it is expedient to impose an excise duty on matches, to provide for the collection thereof, and to alter the duty of customs leviable on matches under the Indian Tariff Act, 1894; It is hereby enacted as follows:—

VIII of
1894.

Short title and extent. 1. (1) This Act may be called the Matches, (Excise Duty) Act, 1934.

(2) It extends to the whole of British India, including British Baluchistan and the Sonthal Parganas.

2. In this Act, unless there is anything repugnant in the subject or context,—

(a) “manufactory” means any premises wherein matches are manufactured;

(b) “match” includes a firework in the form of a match; and, where a matchstick contains more heads than one capable of being ignited by striking, each such head shall be deemed to be a match;

(c) “owner” includes any person expressly or impliedly authorized by an owner of a manufactory to be his agent in respect of the manufactory;

(d) “splints” means undipped splints such as are ordinarily used for making matches; and

(e) “veneers” means veneers such as are ordinarily used for making match-boxes.

3. A duty of excise, at the rates specified in section 4 shall be levied on all matches manufactured in any manufactory in British India and issued out of such manufactory on or after the 1st day of April, 1934, and shall be payable by the owner of the manufactory.

* The bill as amended by the Select Committee was passed by the Legislative Assembly on the 21st April 1934, and by the Council of State on the 27th April 1934.

1. The duty payable under section 3 shall be levied at the following Rates of duty. rates, namely :—

(a) on matches in boxes or booklets containing on an average not more than eighty—

(i) if the average number is forty or less, at the rate of one rupee per gross of boxes or booklets,

(ii) if the average number is more than forty, but not more than sixty, at the rate of one rupee and eight annas per gross of boxes or booklets, and

(iii) if the average number is more than sixty, at the rate of two rupees per gross of boxes or booklets, and

(b) on all other matches, at such rate as the Governor General in Council may prescribe.

5. (1) If any duty payable under section 3 is not paid within the time fixed by rules made in that behalf under this Act, it shall be deemed to be an arrear, and the authority to which such duty is payable may, in lieu thereof, recover any sum not exceeding four times the amount of duty unpaid which such authority may in its discretion think it reasonable to require.

(2) An arrear of duty, or any sum recoverable in lieu thereof under this section, shall be recoverable as an arrear of land revenue and shall be recoverable in addition to, and not in substitution for, any other penalty incurred under this Act.

6. No person shall issue any matches out of a manufactory, except in accordance with the provisions of rules made in that behalf under this Act, or, until such rules are made, in accordance with the general or special orders of the Local Government.

7. The Governor General in Council may, by notification in the Gazette of India, prohibit absolutely, or with such exceptions as he thinks fit, the bringing of matches into British India from the territory of any specified Prince or Chief in India.

8. (1) The Governor General in Council may, by notification in the Gazette of India, direct that after a date to be specified in the notification no matches manufactured after the date of the issue of the notification shall be issued from a manufactory in British India except in packets, boxes or booklets bearing a banderol or stamp of such nature and affixed in such manner as may be prescribed by rules made under this Act.

(2) The Governor General in Council may, by a like notification, direct that, after a date to be specified in the notification, no matches shall be sold or offered or kept for sale in British India except in packets, boxes or booklets bearing such a banderol or stamp so affixed.

(3) The Governor General in Council may exempt from the operation of any notification made under sub-section (1) matches intended for export from India.

(4) The Governor General in Council may exempt from the operation of any notification made under sub-section (2) matches of a particular kind or packed in a particular manner.

9. From such date as may be fixed by the Governor General in Council by notification in the Gazette of India in this behalf—
 Prohibition of manufacture of matches and manufacture and import of splints and veneers.

- (a) no person shall manufacture matches or splints or veneers in British India except under and in accordance with a licence to manufacture issued under this Act;
- (b) no person shall import splints or veneers into British India except under and in accordance with a licence to import; and
- (c) no person shall supply splints or veneers to any person who does not possess a licence to manufacture matches issued under this Act nor otherwise than in such manner as may be prescribed by rules made under this Act.

10. Whoever contravenes the provisions of section 6 shall be punishable with imprisonment which may extend to six months, or with fine which may extend to one thousand rupees, or with both.
 Penalty for issue of matches from manufactory in contravention of section 6.

11. (1) Whoever, in contravention of any notification made under section 7, imports, or attempts to import, matches into British India shall be punishable with imprisonment which may extend to six months, or with fine which may extend to four times the amount of the duty which would be payable on the matches if they were liable to duty in British India or to one thousand rupees, whichever is greater, or with both imprisonment and fine.
 Penalty for import of matches in contravention of Act.

(2) Whoever abets an offence punishable under sub-section (1) shall, whether such offence is or is not committed in consequence of such abetment, and notwithstanding anything contained in section 116 of the Indian Penal Code, be punishable with the punishment provided for the offence.

12. (1) Whoever, in contravention of any direction made under sub-section (1) of section 8, issues any matches from any manufactory, shall be punishable with imprisonment which may extend to six months, or with fine which may extend to one thousand rupees or to one rupee for every packet, box or booklet of matches in respect of which an offence has been committed, whichever is greater, or with both imprisonment and fine.
 Penalty for issue or sale of matches without banderol.

(2) Whoever, in contravention of any direction made under sub-section (2) of section 8, sells or offers or keeps for sale any matches shall be punishable with fine which may extend to one thousand rupees or to one rupee for every packet, box or booklet of matches in respect of which an offence has been committed, whichever is greater.

13. Whoever, in contravention of the provisions of section 9 manufactures matches or splints or veneers or imports splints or veneers into British India or supplies splints or veneers to any person shall be punishable with imprisonment which may extend to six months, or with fine which may extend to one thousand rupees, or with both imprisonment and fine.
 Penalty for manufacture of matches and manufacture and import of splints and veneers without licence.

months, or with fine which may extend to one thousand rupees, or with both.

14. Whoever evades, or attempts to evade, the payment of any duty payable by him under this Act, or fails to supply any information which he is required under this Act or the rules to supply, or knowingly supplies false information, shall be punishable with imprisonment which may extend to six months, or with fine which may extend to one thousand rupees, or with both.

15. Any Court trying an offence under this Act may order that any matches, splints or veneers, together with the boxes, packing or wrappings thereof, in respect of which the Court is satisfied that an offence under this Act has been committed, shall be forfeited to His Majesty.

16. The law for the time being in force relating to Sea Customs and to goods the importation of which is prohibited by section 18 of the Sea Customs Act, 1878, shall apply in respect of matches, splints or veneers, the importation of which is prohibited by or under this Act, and the officers of Customs and the officers empowered under the Sea Customs Act, 1878, to perform the duties imposed by that Act on a Customs-Collector and other officers of Customs shall have the same powers in respect of such matches, splints or veneers as they have for the time being in respect of goods the importation of which is prohibited by section 18 of the Sea Customs Act, 1878:

Provided that the penalty for the offence specified in section 167, No. 8, of the Sea Customs Act, 1878, shall, where the offence is committed in relation to matches, splints or veneers the importation of which is prohibited by or under this Act, be a penalty of confiscation only, and such penalty of confiscation shall not be inflicted under section 167, No. 8, of the Sea Customs Act, 1878, in any case where the person concerned in the offence is sent for trial under section 11 or section 13 of this Act.

17. The Governor General in Council may, by notification in the Gazette of India, declare that any of the provisions of the Sea Customs Act, 1878, relating to the levy of and exemption from customs duties, drawback of duty, warehousing, offences and penalties, confiscation, and procedure relating to offences and appeals shall, with such modifications and alterations as he may consider necessary or desirable to adapt them to the circumstances, be applicable in regard to like matters in respect of the duty on matches imposed by section 3.

18. (1) The Governor General in Council may, by notification in the Gazette of India, make rules to carry into effect the purposes and objects of this Act.

(2) In particular, and without prejudice to the generality of the foregoing power, such rules may—

- (a) prescribe the rate of duty referred to in clause (b) of section 4 ;
- (b) provide for the assessment and collection of the duty and the authorities by whom functions under this Act are to be discharged, the issue of notices requiring payment, the manner in which the duty shall be payable, and the recovery of arrears ;

- (c) provide for the distinguishing of matches, splints or veneers which have been manufactured under licence, of splints or veneers which have been imported under licence and of matches on which duty has been paid, or which are exempt from duty under this Act ;
- (d) regulate the issue of matches out of any manufactory and limit the number of matches which may be contained in a box or booklet ;
- (e) impose on the owners of manufactories and on persons engaged in the sale of matches the duty of furnishing information, keeping records and making returns, and prescribe the nature of such information and the form of such records and returns, the particulars to be contained therein, and the manner in which they shall be verified ;
- (f) provide for the issuing of licences, the form and the conditions of licences, and the fees to be charged therefor ;
- (g) regulate the sale of splints and veneers ;
- (h) provide for the detention of matches for the purpose of exacting the duty, the confiscation, otherwise than under section 15, of matches, splints and veneers in respect of which breaches of the Act or rules have been committed, and the disposal of matches, splints and veneers so detained or confiscated ;
- (i) authorize and regulate the inspection or search of any place or conveyance used for the manufacture, storage or carriage of matches, splints or veneers ;
- (j) authorize and regulate the composition of offences against, or liabilities incurred under, the Act and rules including composite payments in lieu of duty ; and
- (k) prescribe the nature of and the manner of affixing banderols or stamps.

(3) In making any rule under this section the Governor General in Council may provide that a breach of the rule shall, where no other penalty is provided by this Act, be punishable with imprisonment for any term not exceeding six months, or with fine not exceeding one thousand rupees, or with both imprisonment and fine.

(4) The Governor General in Council may delegate all or any of his powers under this section to a Local Government.

19. The Governor General in Council may, by notification in the Gazette of India, make rules to provide for the grant of a rebate of the duty payable under section 3 on matches manufactured in any manufactory whose daily output does not exceed one hundred gross of boxes to the following extent, namely :—

Power of Governor General in Council to provide for rebate of duty.

- (i) where the average number of matches in a box or booklet is forty or less, a rebate of ten pies per gross of boxes or booklets ;
- (ii) where the average number of matches in a box or booklet is more than forty but not more than sixty, a rebate of one anna and three pies per gross of boxes or booklets ; and

- (iii) where the average number of matches in a box or booklet is more than sixty, a rebate of one anna and eight pies per gross of boxes or booklets.

20. (1) In the Second Schedule to the Indian Tariff Act, 1894, for VIII of Amendment of the sub-head (a) of Item No. 159 and the entries in 1894^a Second Schedule, Act the third and fourth columns relating thereto the VIII of 1894. following sub-head and entries shall be substituted, namely :—

“(a) MATCHES—		
(1) In boxes or booklets containing on an average not more than 40 matches.	Per gross of boxes or booklets.	The rate at which excise duty is for the time being leviable on such matches manufactured in British India <i>plus</i> ten annas.
(2) In boxes or booklets containing on an average more than 40 but not more than 60 matches.	Do.	The rate at which excise duty is for the time being leviable on such matches manufactured in British India <i>plus</i> fifteen annas.
(3) In boxes or booklets containing on an average more than 60 but not more than 80 matches.	Do.	The rate at which excise duty is for the time being leviable on such matches manufactured in British India <i>plus</i> one rupee and four annas.
(4) All other matches.	For every 48 matches or fraction thereof.	The rate at which excise duty is for the time being leviable on such matches manufactured in British India <i>plus</i> one pie.”

(2) Notwithstanding anything contained in section 4 of the Indian Finance (Supplementary and Extending) Act, 1931, the additional duty imposed by that section of that Act shall not be levied or collected on any article chargeable with duty under sub-head (a), Item No. 159 of the Second Schedule to the Indian Tariff Act, 1894, as amended by this VIII of 1894^a section.

21. The Burma (Excise) Duty on Matches Act, 1932, is hereby repealed with effect from the 31st day of March, 1934, but all the provisions of that Act and of the rules made thereunder shall, notwithstanding such repeal, continue to apply to any matches liable on the 31st day of March, 1934, to duty under section 3 of that Act, and to any proceedings commenced in relation to any such matches. ^aBurma Act I of 1932^a

No. D./2155-B.

GOVERNMENT OF INDIA.

FINANCE DEPARTMENT.

Simla, the 7th May 1934.

RESOLUTION.

The statements relating to the Revised Estimates for 1933-34 and the Budget Estimates for 1934-35 which were presented to the Legislative Assembly on the 17th and the 27th February 1934 have been reconsidered with reference to the course of legislation since the latter date. The changes made are explained below and the revised statements are now published* as usual for general information.

2. The rates of excise duty on matches accepted by the Legislature are lower than those originally proposed; and the estimate of receipts from this duty in 1934-35 has been reduced by Rs. 72 lakhs from Rs. 2,10 lakhs to Rs. 1,38 lakhs. As a result of this reduction, the amount provided for distribution among the jute-growing Provinces as their share of the jute export duty in 1934-35 has been reduced by Rs. 63 lakhs from Rs. 1,89 lakhs to Rs. 1,26 lakhs. The estimated revenue surplus for the year 1934-35 consequently becomes Rs. 10,15,000 instead of Rs. 19,15,000.

A. A. L. PARSONS,

Secretary to the Government of India.

*The Railway Budget Statements as finally adopted have been printed on pages 31-43 of Part I of this volume.

BUDGET

of the
Governor-General in Council,
May, 1934.

FINANCE DEPARTMENT ;
Simla, the 7th May 1934.

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A. A. L. PARSONS,
Secretary to the Govt. of India.

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I.—General Statement of the Revenue and Expenditure charged to

	For details, vide State- ment.	Accounts, 1932-33.	Budget Estimate, 1933-34.	Revised Estimate, 1933-34.	Budget Estimate, 1934-35.
		Rs.	Rs.	Rs.	Rs.
Revenue—					
Principal Heads of Revenue—					
Customs	A	51,95,17,460	51,24,60,000	46,87,00,000	47,76,00,000
Taxes on Income	"	17,07,40,319	18,06,00,000	17,13,00,000	17,35,00,000
Salt	"	10,07,35,768	8,75,00,000	8,55,00,000	8,73,00,000
Opium	"	80,86,152	1,20,05,000	1,58,65,000	95,07,000
Other Heads	"	1,84,84,834	1,69,83,000	1,66,07,000	1,81,81,000
TOTAL PRINCIPAL HEADS .		82,74,64,533	81,15,58,000	75,99,72,000	76,50,58,000
Railways: Net Receipts (as per Rail- way Budget)	A	33,37,17,406	33,39,45,000	32,86,96,000	32,68,27,000
Irrigation: Net Receipts	"	1,64,175	—14,000	—12,000	3,000
Posts and Telegraphs: Net Receipts .	"	39,19,117	30,41,000	31,63,000	69,78,000
Interest Receipts	"	1,87,63,735	1,83,00,000	1,58,98,000	1,66,25,000
Civil Administration	"	80,68,237	82,62,000	77,49,000	78,28,000
Currency and Mint	"	2,30,63,292	1,74,68,000	1,23,35,000	1,27,02,000
Civil Works	"	23,37,232	21,55,000	24,02,000	23,86,000
Miscellaneous	"	93,22,864	87,34,000	68,54,000	56,87,000
Defence Receipts	"	3,63,40,997	4,31,67,000	5,24,74,000	5,20,47,000
Provincial Contributions and miscel- laneous adjustments between Central and Provincial Governments . . .	"	...	...	...	...
Extraordinary Items	"	2,05,580	...	35,63,000	...
TOTAL REVENUE .		1,26,39,74,868	1,24,35,16,000	1,19,30,94,000	1,19,71,31,000
DEFICIT .		...	...	...	...
TOTAL .		1,26,39,74,868	1,24,35,16,000	1,19,30,94,000	1,19,71,21,000

Revenue of the Central Government, in India and in England.

	For details, <i>vide</i> State- ment.	Accounts, 1932-33.	Budget Estimate, 1933-34.	Revised Estimate, 1933-34.	Budget Estimate, 1934-35.
		Rs.	Rs.	Rs.	Rs.
Expenditure—					
Direct Demands on the Revenue	B	4,23,65,016	4,15,94,000	4,27,38,000	4,00,79,000
Forest and other Capital Outlay charged to Revenue	"	2,37,450	2,34,000	1,40,000	1,46,000
Railways: Interest and Miscellaneous Charges (as per Railway Budget)	"	33,37,17,406	33,39,45,000	32,86,96,000	32,58,27,000
Irrigation	"	5,40,440	4,74,000	3,85,000	5,95,000
Posts and Telegraphs	"	85,84,719	91,22,000	87,06,000	88,33,000
Debt Services	"	18,45,62,366	17,67,36,000	12,65,99,000	13,33,55,000
Civil Administration	"	9,68,79,566	9,59,22,000	9,58,69,000	9,56,02,000
Currency and Mint	"	65,67,161	64,19,000	60,89,000	66,39,000
Civil Works	"	1,77,16,265	1,93,92,000	2,06,88,000	2,01,96,000
Miscellaneous	"	4,23,51,873	4,11,76,000	4,25,38,000	4,31,74,000
Defence Services	"	50,37,49,997	50,51,67,000	49,67,21,000	49,58,47,000
Miscellaneous adjustments between the Central and Provincial Govern- ments	"	96,05,073	1,00,00,000	1,00,00,000	2,52,44,000
Extraordinary Items	"	15,95,345	8,74,000	1,30,36,000	3,10,000
TOTAL EXPENDITURE CHARGED TO REVENUE		1,24,84,55,676	1,24,10,55,000	1,19,30,94,000	1,19,61,06,000
SURPLUS		1,55,19,192	24,01,000	...	10,15,000
TOTAL		1,20,39,74,868	1,24,35,16,000	1,19,30,94,000	1,19,71,21,000

II.—General Statement of the Receipts and Disbursements of the

	For details, vide Statement.	RECEIPTS.			
		Accounts, 1932-33.	Budget Estimate, 1933-34.	Revised Estimate, 1933-34.	Budget Estimate, 1934-35.
		Rs.	Rs.	Rs.	Rs.
Surplus		1,55,19,192	24,61,000	...	10,15,000
Railway Capital not charged to Revenue—					
Capital contributed by Railway Companies and Indian States towards outlay on State Railways (as per Railway Budget)	C	1,03,94,137	...	...	...
Debt, Deposits and Advances—					
Permanent Debt (net incurred)	"	22,71,74,158	...	...	...
Floating Debt (net incurred)	"	...	...	...	...
Unfunded Debt (net incurred)	"	20,09,74,359	18,36,43,000	22,45,62,000	17,65,88,000
Deposits and Advances (net)	"	3,31,28,929	3,25,56,000	...	5,69,48,000
Railway Depreciation and Reserve Funds as per Railway Budget (net)	"	...	2,88,000	...	...
TOTAL DEBT, DEPOSITS AND ADVANCES.		46,12,77,448	21,64,87,000	22,45,62,000	23,34,86,000
Remittances (net)	C	...	1,21,000	...	3,14,000
Balances of Provincial Governments (net)	"	2,59,61,485	...	...	...
TOTAL RECEIPTS		51,81,72,260	21,90,69,000	22,45,62,000	28,48,15,000
Opening Balance {	India	12,69,10,744	11,73,19,744	14,58,99,614	13,43,92,614
	England	21,15,82,561	17,84,93,561	18,19,33,230	7,10,26,230
TOTAL		85,16,15,565	51,48,82,305	50,23,84,844	44,03,88,844

Central Government, in India and in England.

	For details, vide Statement.	DISBURSEMENTS.			
		Accounts, 1932-33.	Budget Estimate, 1933-34.	Revised Estimate, 1933-34.	Budget Estimate, 1934-35.
		Rs.	Rs.	Rs.	Rs.
Deficit		—	...	...	...
Railway, Irrigation, Posts and Telegraphs and other Capital outlay not charged to Revenue—					
Capital outlay on Security Printing Press	C	1,107	—1,11,000	—1,11,000	—1,15,000
Construction of State Railways (as per Railway Budget)	"	7,14,268	3,30,00,000	25,00,000	4,68,00,000
Discharge of Debentures (as per Railway Budget)	"	24,23,173	...	20,23,000	...
Construction of Irrigation, etc., Works	"	...	...	...	...
Capital outlay on Posts and Telegraphs	"	14,81,501	15,80,000	15,69,000	39,70,000
Capital outlay on Vizagapatam Port	"	52,42,202	49,80,000	49,50,000	18,46,000
Capital outlay on Light-houses and Light-ships	"	...	...	...	...
Currency Capital outlay	"	—3,63,512	—78,000	—4,14,000	—85,000
Initial expenditure on New Capital at Delhi	"	...	...	10,00,000	67,67,000
Payment of commuted value of pensions	"	78,88,729	0,05,000	55,47,000	49,56,000
Payments to Retrenched Personnel	"	12,63,541	—1,27,000	2,90,000	—3,36,000
TOTAL CAPITAL ACCOUNT DISBURSEMENTS	...	1,66,30,009	4,53,09,000	2,03,54,000	6,38,03,000
Debt, Deposits and Advances—					
Permanent Debt (net discharged)	C	...	17,09,55,000	5,87,50,000	12,44,30,000
Floating Debt (net discharged)	"	46,12,65,000	8,00,00,000	13,82,20,000	...
Deposits and Advances (net)	"	...	...	3,40,21,000	...
Railway Depreciation and Reserve Funds as per Railway Budget (net)	"	2,80,33,024	...	27,11,000	35,22,000
TOTAL DEBT, DEPOSITS AND ADVANCES	...	47,92,98,024	25,09,55,000	23,37,08,000	12,79,52,000
Loans and Advances by the Central Government (net Advances)	C	6,91,63,252	3,71,72,000	3,96,65,000	7,43,95,000
Remittances (net)	"	60,80,446	...	19,000	..
Balances of Provincial Governments (net)	"	...	46,00,000	32,00,000	25,00,000
TOTAL DISBURSEMENTS	...	57,37,82,721	38,80,38,000	29,69,76,000	26,91,50,000
Closing Balance { India	...	14,58,99,614	11,12,30,744	13,43,92,614	10,39,61,614
{ England	...	13,19,37,230	6,56,15,501	7,10,26,330	6,71,22,230
TOTAL	...	85,16,15,565	51,48,82,005	50,23,94,844	44,03,33,844

A.—Statement of the Revenue of the Central

HEADS OF REVENUE.	ACCOUNTS, 1932-33.				REVISED ESTIMATE,		
	India.	England.	Exchange.	TOTAL.	India.	England.	Item No.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Principal Heads of Revenue—							
I.—Customs	51,95,17,460	...	...	51,95,17,460	46,87,00,000	...	1
II.—Taxes on Income . .	17,97,40,319	...	...	17,97,40,319	17,13,00,000	...	2
III.—Salt	10,07,35,768	...	...	10,07,35,768	8,55,00,000	...	3
IV.—Opium	89,86,152	...	...	89,86,152	1,58,65,000	...	4
V.—Land Revenue . .	17,85,707	...	...	17,85,707	20,17,800	...	5
VI.—Excise	41,50,932	...	...	41,50,932	41,38,000	...	6
VII.—Stamps	32,75,323	...	...	32,75,323	30,68,000	...	7
VIII.—Forest	18,03,408	...	...	18,03,408	16,17,000	...	8
IX.—Registration . .	1,12,303	...	...	1,12,308	1,03,000	...	9
X.—Payments from Indian States	73,57,066	...	...	73,57,066	76,64,600	...	10
TOTAL	82,74,84,533	...	...	83,74,84,533	75,99,72,000	...	11
Irrigation, etc.—							
XIII.—Works for which Capital accounts are kept—Gross Receipts	1,82,866	...	...	1,82,866	1,51,000	...	12
Deduct—Working Expenses	1,84,678	...	...	1,84,678	1,70,000	...	13
Net Receipts	—1,812	...	...	—1,812	—19,000	...	14
XIV.—Works for which no Capital Accounts are kept	1,65,987	...	...	1,65,987	7,000	...	15
TOTAL	1,84,175	...	...	1,84,175	—12,000	...	16
Posts and Telegraphs—							
XV.—Posts and Telegraphs—Indian Posts and Telegraphs Department—Gross Receipts	10,55,40,362	...	...	10,55,40,362	10,75,74,000	...	17
Deduct—Working Expenses	10,04,45,847	1,77,833	—2,420	10,16,21,285	10,35,48,000	8,67,000	18
Net Receipts	50,94,535	—11,77,638	2,420	39,19,117	40,28,000	—8,67,000	19
Debt Services—							
XVI.—Interest	97,95,814	89,82,930	—16,018	1,87,62,735	1,07,75,000	51,32,000	20
Carried over	84,25,19,057	78,05,101	—13,598	85,03,10,560	77,47,63,000	42,85,000	21

* Sterling converted into

Government, in India and in England.

1933-34.			Increase (+) Decrease (-) as compared with Budget, 1933-34.	BUDGET ESTIMATE, 1934-35.				Increase (+) Decrease (-) as compared with Revised, 1933-34.
Item No.	Exchange.	TOTAL.		India.	* England.	Exchange.	TOTAL.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	...	48,87,00,000	-4,37,60,000	47,76,00,000	...	...	47,76,00,000	+89,00,000
2	...	17,13,00,000	-93,00,000	17,25,00,000	...	...	17,25,00,000	+12,00,000
3	...	8,55,00,000	-30,00,000	8,73,00,000	...	...	8,73,00,000	+18,00,000
4	...	1,52,65,000	+38,00,000	95,07,000	...	...	95,07,000	-63,58,000
5	...	20,17,000	+2,18,000	20,58,000	...	...	20,58,000	+41,000
6	...	41,38,000	-99,000	41,81,000	...	...	41,81,000	+43,000
7	...	30,68,000	-7,59,000	29,62,000	...	...	29,62,000	-1,06,000
8	...	16,17,000	-73,000	15,04,000	...	...	15,04,000	-1,13,000
9	...	1,03,000	+11,000	1,03,000	...	...	1,03,000	...
10	...	76,64,000	+2,86,000	73,73,000	...	...	73,73,000	-2,91,000
11	...	76,99,72,000	-5,16,86,000	76,50,88,000	...	...	76,50,88,000	+11,16,000
12	...	1,51,000	-11,000	1,53,000	...	...	1,52,000	+1,000
13	...	1,70,000	+10,000	1,66,000	...	...	1,66,000	+14,000
14	...	-19,000	-1,000	-4,000	...	...	-4,000	+15,000
15	...	7,000	+3,000	7,000	...	...	7,000	...
16	...	-12,000	+2,000	3,000	...	...	3,000	+15,000
17	...	10,75,74,000	-5,60,000	10,71,20,000	...	...	10,71,26,000	-4,48,000
18	-9,000	10,42,11,000	+6,52,000	9,92,80,000	8,68,000	...	10,01,48,000	+43,03,000
19	2,000	81,63,000	+1,22,000	78,40,000	-8,68,000	...	69,72,000	+38,15,000
20	-9,000	1,58,98,000	-23,02,000	1,13,02,000	73,38,000	...	1,86,26,000	+37,27,000
21	-7,000	77,90,21,000	-5,87,64,000	78,42,59,000	64,55,000	...	79,00,94,000	+1,10,73,000

Rupees at 21 = Rs. 100.

A.—Statement of the Revenue of the Central

HEADS OF REVENUE.	ACCOUNTS, 1932-33.				REVISED ESTIMATE.		
	India.	England.	Exchange.	TOTAL.	India.	England.	Item No.
Brought forward	Rs. 84,25,19,057	Rs. 78,05,101	Rs. —13,598	Rs. 85,03,10,580	Rs. 77,47,63,000	Rs. 42,65,000	
Civil Administration—							
XVII.—Administration of Justice	1,46,353	...	...	1,46,353	1,32,000	...	1
XVIII.—Jails and Convict Settlements.	2,67,681	...	...	2,67,681	2,91,000	...	2
XIX.—Police	7,22,864	1,06,667	...	8,89,531	8,81,000	1,07,000	3
XX.—Ports and Pilotage.	19,27,227	...	...	19,27,227	18,24,000	...	4
XX(1).—Light Houses and Light Ships	9,91,294	...	...	9,91,294	9,55,000	...	5
XXI.—Education	2,06,658	226	—2	2,06,680	1,95,000	...	6
XXII.—Medical	2,32,830	20,400	1	2,53,331	1,81,000	21,000	7
XXIII.—Public Health	1,99,519	195	...	1,99,714	1,76,000	...	8
XXIV.—Agriculture	17,57,079	312	...	17,57,391	7,90,000	...	9
XXV.—Industries.	16,857	92	—1	16,948	17,000	...	10
XXVI.—Miscellaneous Departments	17,50,495	41,064	—310	17,91,249	17,63,000	55,000	11
XXVI-A.—Indian Stores Department	2,20,710	48	...	2,20,758	2,62,000	...	12
TOTAL	84,99,545	1,69,004	—312	86,68,237	76,68,000	1,83,000	13
Currency and Mint—							
XXVII.—Currency	2,00,99,023	10	...	2,01,99,033	77,30,000	...	14
XXVIII.—Mint	29,64,259	...	...	29,64,259	46,05,000	...	15
TOTAL	2,30,63,282	10	...	2,30,63,292	1,23,35,000	...	16
Civil Works—							
XXX.—Civil Works	23,37,232	...	...	23,37,232	23,95,000	7,000	17
Miscellaneous—							
XXXIII.—Receipts of Superannuation	11,13,389	3,28,788	—738	14,41,441	10,87,000	1,94,000	18
XXXIV.—Stationery and Printing	20,79,190	32,301	—168	21,11,325	21,39,000	18,000	19
XXXV.—Miscellaneous	53,38,938	4,31,565	—705	57,69,798	30,10,000	4,08,000	20
TOTAL	85,31,517	7,92,654	—1,607	93,22,564	62,36,000	6,20,000	21
Defence Receipts—							
XXXVI.—Defence Services—Effective.	2,56,75,519	36,39,870	—12,320	2,93,03,069	2,63,39,000	38,93,000	22
XXXVII.—Defence Services—Non-effective	7,08,280	63,70,000	—31,442	70,46,928	6,92,000	2,16,04,000	23
XXXVIII.—Transfers from Defence Reserve Fund	...	...	...	...	...	...	24
TOTAL	2,63,83,799	1,00,09,860	—43,762	2,63,49,937	2,70,21,000	4,09,97,000	25
Provincial Contributions and Miscellaneous Adjustments between Central and Provincial Governments—							
XXXIX-A.—Miscellaneous adjustments between the Central and Provincial Governments	...	...	...	...	...	...	26
Extraordinary Items—							
XL.—Extraordinary Receipts	2,02,566	3,019	—5	2,05,580	3,00,000	52,60,000	27
XL-A.—Transfers from Revenue Reserve Fund	...	...	...	...	...	...	28
TOTAL	2,02,566	3,019	—5	2,05,580	3,00,000	52,60,000	29
Railway Revenues as per Railway Budget	88,55,18,764	—18,14,536	13,178	33,37,17,406	88,83,30,000	—46,32,000	30
TOTAL REVENUE	1,25,90,55,763	1,39,05,21	—46,106	1,26,30,74,868	1,10,39,36,000	2,92,09,000	31

* Sterling converted into

Government, in India and in England.

1933-34.			Increase (+) Decrease (-) as compared with Budget, 1933-34.	BUDGET ESTIMATE, 1934-35.				Increase (+) Decrease (-) as compared with Revised, 1933-34.
Item No.	Exchange.	TOTAL.		India.	* England.	Exchange.	TOTAL.	
	Rs. —7,000	Rs. 77,90,31,000		Rs. 78,43,39,000	Rs. 64,55,000	Rs. ..	Rs. 79,05,94,000	
1	...	1,32,000	+7,000	1,47,000	...	...	1,47,000	+15,000
2	...	2,91,000	+3,000	2,79,000	...	...	2,79,000	-12,000
3	...	9,88,000	+46,000	5,51,000	1,07,000	...	6,58,000	-3,30,000
4	...	19,24,000	-6,000	19,36,000	...	...	19,36,000	+2,000
5	...	9,55,000	-84,000	9,33,000	...	...	9,33,000	-22,000
6	...	1,65,000	+1,000	2,00,000	...	...	2,00,000	+5,000
7	...	2,02,000	+37,000	1,80,000	20,000	...	2,00,000	-2,000
8	...	1,75,000	+8,000	1,88,000	...	...	1,85,000	+13,000
9	...	7,90,000	-4,62,000	8,86,000	...	...	8,66,000	+96,000
10	...	17,000	+2,000	15,000	...	...	15,000	-2,000
11	...	18,18,000	-48,000	21,29,000	7,000	...	21,36,000	+3,18,000
12	...	2,62,000	-17,000	2,60,000	...	...	2,60,000	-2,000
13	...	77,49,000	-5,13,000	76,94,000	1,34,000	...	78,28,000	+79,000
14	...	77,80,000	-61,81,000	71,83,000	15,96,000	...	87,79,000	+10,49,000
15	...	46,05,000	+10,48,000	39,23,000	...	...	39,23,000	-6,82,000
16	...	1,33,35,000	-51,33,000	1,11,08,000	15,96,000	...	1,27,02,000	+3,67,000
17	...	24,02,000	+2,47,000	23,79,000	7,000	...	23,56,000	-16,000
18	-1,000	13,50,000	-80,000	11,36,000	1,82,000	...	13,08,000	+28,000
19	...	21,57,000	-2,58,000	21,88,000	16,000	...	23,04,000	+47,000
20	-1,000	34,17,000	+14,38,000	17,11,000	4,14,000	...	21,25,000	-13,92,000
21	-2,000	68,74,000	+11,30,000	50,35,000	6,12,000	...	56,37,000	-13,17,000
22	-37,000	4,78,06,000	+1,83,07,000	2,68,08,000	2,10,92,000	...	4,77,06,000	-1,96,000
23	-7,000	45,78,000	-7,60,000	6,80,000	36,87,000	...	43,47,000	-2,31,000
24	...	...	-61,40,000	...	...	...	...	...
25	-44,000	5,24,74,000	+93,07,000	2,72,68,000	2,47,79,000	...	5,20,47,000	-4,27,000
26	...	...	...	...	...	...	...	...
27	-6,000	35,63,000	+35,63,000	...	...	...	...	-35,63,000
28	...	...	...	...	...	...	...	...
29	-6,700	35,87,000	+35,87,000	...	...	...	...	-35,87,000
30	8,000	32,80,96,000	-59,49,000	33,04,30,000	4,12,000	...	33,58,27,000	-28,89,000
31	-51,000	1,19,30,94,000	-5,04,32,000	1,18,81,60,000	2,59,71,000	...	1,19,71,21,000	+40,27,000

Rupees at £1=Rs. 13½.

B.—Statement of the Expenditure charged to Revenue

HEADS OF EXPENDITURE.	ACCOUNTS, 1932-33.				REVISED	
	India.	England.	Exchange.	TOTAL.	India.	Item No.
	Rs.	Rs.	Rs.	Rs.	Rs.	
Direct Demands on the Revenue—						
1.—Customs	91,31,064	1,63,694	—366	92,94,392	97,50,000	1
2.—Taxes on Income	76,91,446	86,035	—246	77,69,235	81,44,000	2
3.—Salt	1,10,95,148	57,137	—104	1,11,63,121	1,13,43,000	3
4.—Opium	83,66,173	27,338	—32	83,67,479	71,17,000	4
5.—Land Revenue	5,39,506	...	...	5,39,506	5,08,000	5
6.—Excise	15,00,896	9,520	8	15,16,418	15,18,000	6
7.—Stamps	13,86,115	20,617	—74	14,05,658	17,04,000	7
8.—Forest	21,98,256	99,635	—261	22,97,830	19,78,000	8
9.—Registration	15,817	...	...	15,817	20,000	9
TOTAL	4,19,22,080	4,46,176	—1,140	4,23,68,016	4,21,47,000	10
Forest and other Capital Outlay charged to Revenue—						
3A.—Capital outlay on Salt Works	1,90,972	...	...	1,90,972	75,000	11
3A.—Forest Capital outlay	46,478	...	...	46,478	57,000	12
TOTAL	2,37,450	...	...	2,37,450	1,32,000	13
Irrigation, etc., Revenue Account—						
14.—Works for which Capital accounts are kept—						
Interest on Debt	2,57,143	...	...	2,57,143	2,54,000	14
15.—Other Revenue Expenditure	2,27,700	15,428	—48	2,43,050	95,000	15
TOTAL	4,84,843	15,428	—48	5,00,223	3,49,000	16
Irrigation, etc., Capital outlay charged to Revenue—						
16.—Construction of Irrigation, etc., Works—						
Financed from Ordinary Revenues	40,318	...	...	40,318	23,000	17
Posts and Telegraphs Revenue Account—						
17.—Posts and Telegraphs—						
Interest on Debt—						
Indian Posts and Telegraphs Department	81,08,372	...	...	81,08,372	83,35,000	18
Posts and Telegraphs Capital Outlay charged to Revenue—						
18.—Capital outlay on Posts and Telegraphs—						
Indian Posts and Telegraphs Department	4,56,847	...	...	4,56,847	3,71,000	19
Debt Services—						
19.—Interest on Ordinary Debt	23,33,71,773	30,28,60,318	—5,97,666	43,56,34,419	20,63,67,000	20
Deduct—Amount chargeable to—						
Railways	20,08,98,889	11,51,89,060	—3,89,153	81,56,98,796	19,59,49,000	21
Irrigation	2,57,142	...	...	2,57,142	2,54,000	22
Posts and Telegraphs	82,56,479	...	...	82,56,479	84,83,000	23
Provincial Loans Fund	8,01,33,807	...	...	8,01,33,807	8,00,00,000	24
Other heads	24,92,524	...	...	24,92,524	25,00,000	25
Remainder chargeable to Ordinary Debt	—8,86,67,668	8,76,71,263	—2,08,513	2,87,95,671	—8,14,39,000	26
26.—Interest on other Obligations	8,67,60,347	5,63,687	—9	8,73,42,695	9,80,43,000	27
21.—Reduction or Avoidance of Debt	8,61,24,000	...	...	6,84,21,000	3,00,00,000	28
TOTAL	0,66,40,208	8,62,24,620	—2,08,622	18,45,67,366	4,46,14,000	29
Carried over	14,77,06,477	8,86,66,224	—2,09,710	23,02,72,991	9,59,71,000	30

* Sterling converted into

of the Central Government, in India and in England.

Item No.	ESTIMATE, 1933-34.			Increase (+) Decrease (-) as compared with Budget, 1933-34.	BUDGET ESTIMATE, 1934-35.				Increase (+) Decrease (-) as compared with Revised, 1933-34.
	England.	Exchange.	TOTAL.		India.	England.	Exchange.	TOTAL.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	1,53,000	—1,000	99,08,000	+1,48,000	98,95,000	1,63,000	...	1,00,58,000	+1,50,000
2	1,48,000	...	82,92,000	—1,91,000	84,35,000	78,000	...	85,03,000	+2,11,000
3	84,000	...	1,14,26,000	—94,000	1,14,42,000	46,000	...	1,15,08,000	+82,000
4	43,000	...	71,59,000	+14,23,000	41,91,000	37,000	...	42,28,000	—29,31,000
5	...	...	5,68,000	—15,000	5,87,000	...	...	5,87,000	+19,000
6	13,000	...	15,31,000	—14,000	15,28,000	15,000	...	15,43,000	+1,000
7	43,000	...	17,47,000	—17,000	14,26,000	19,000	...	14,45,000	—3,02,000
8	1,09,000	...	20,87,000	—90,000	20,58,000	1,34,000	...	21,90,000	+1,03,000
9	...	...	20,000	...	17,000	...	...	17,000	—3,000
10	5,92,000	—1,000	4,27,38,000	+11,44,000	3,95,57,000	4,92,000	...	4,00,79,000	—26,59,000
11	13,000	...	87,000	—59,000	1,19,000	...	...	1,19,000	+32,000
12	2,000	...	59,000	+1,000	22,000	5,000	...	27,000	—32,000
13	14,000	...	1,40,000	—65,000	1,41,000	5,000	...	1,46,000	...
14	...	...	2,54,000	—25,000	2,50,000	...	...	2,50,000	—4,000
15	18,000	...	1,08,000	—66,000	3,06,000	18,000	...	3,24,000	+2,18,000
16	13,000	...	3,62,000	—91,000	5,56,000	18,000	...	5,74,000	+2,12,000
17	...	...	23,000	+2,000	21,000	...	...	21,000	—2,000
18	...	...	83,35,000	—4,26,000	84,25,000	...	...	84,25,000	+90,000
19	...	...	3,71,000	+10,000	4,07,000	...	...	4,07,000	+36,000
20	19,09,30,000	—3,41,000	40,20,55,000	—2,05,11,000	20,13,90,000	19,63,47,000	...	39,77,37,000	—52,18,000
21	11,88,98,000	—2,00,000	81,11,45,000	+51,84,000	19,26,57,000	11,84,60,000	...	80,81,17,000	+30,28,000
22	...	...	2,84,000	+25,000	2,50,000	...	...	2,50,000	+4,000
23	...	...	84,83,000	+4,25,000	85,74,000	...	...	85,74,000	—91,000
24	...	...	8,06,00,000	+30,00,000	8,00,00,000	...	...	8,00,00,000	+8,00,000
25	...	...	25,00,000	+2,48,000	8,94,000	...	...	8,94,000	+16,06,000
26	8,15,43,000	—1,41,000	—27,000	—1,16,33,000	—8,09,85,000	8,08,87,000	...	—98,000	—71,000
27	5,83,000	—1,000	9,66,25,000	+3,52,000	10,27,95,000	0,58,000	...	10,24,58,000	+28,28,000
28	...	...	8,00,00,000	—3,88,67,000	8,00,00,000	...	...	8,00,00,000	...
29	8,21,35,000	—1,42,000	12,05,95,000	—5,01,38,000	5,18,10,000	8,54,45,000	...	13,33,55,000	+57,57,000
30	8,37,45,000	—1,43,000	17,55,73,000	—4,95,87,000	10,09,47,000	8,20,60,000	...	18,30,07,000	+44,34,000

Rupees at £1 = Rs. 13½.

B.—Statement of the Expenditure charged to Revenue

HEADS OF EXPENDITURE.	ACCOUNTS, 1932-33.				REVISED	
	India.	England.	Exchange.	TOTAL.	India.	Item No.
	Rs.	Rs.	Rs.	Rs.	Rs.	
Brought forward	14,77,96,477	8,56,86,224	—2,09,710	23,62,72,991	9,59,71,000	
Civil Administration—						
22.—General Administration	1,05,72,090	47,77,678	—15,995	1,53,34,673	1,07,22,000	1
23.—Audit	90,34,040	3,13,414	—809	93,43,675	95,35,000	2
24.—Administration of Justice	8,06,907	71,488	—235	8,78,160	7,03,000	3
25.—Jails and Convict Settlements	24,71,411	61,635	—240	25,33,800	23,37,000	4
26.—Police	51,04,379	1,24,175	—313	52,37,241	53,70,000	5
27.—Ports and Pilotage	19,07,391	3,16,975	—1,031	22,23,335	19,55,000	6
27 (1).—Light Houses and Light Ships	9,71,758	9,735	—53	9,81,400	9,55,000	7
28.—Ecclesiastical	21,11,470	7,63,249	—3,301	28,72,417	30,60,000	8
29.—Political	1,33,46,898	13,66,157	—4,344	1,45,93,711	1,31,31,000	9
29-A.—Frontier Watch and Ward	2,16,66,717	1,38,353	—3,8	2,17,94,053	2,17,4,000	10
30.—Scientific Departments	60,18,464	6,37,042	—2,083	66,55,413	60,33,000	11
31.—Education	34,6,947	47,344	—69	35,16,272	20,47,000	12
32.—Medical	20,61,341	1,46,578	—273	22,07,926	21,68,000	13
33.—Public Health	11,73,913	1,4,075	—714	13,21,279	11,89,000	14
34.—Agriculture	29,70,072	1,05,696	—398	30,75,960	27,63,000	15
35.—Industries	1,74,805	20,968	—53	1,95,800	1,82,000	16
36.—Aviation	9,20,864	43,853	—198	9,73,549	11,91,000	17
37.—Miscellaneous Departments	18,60,618	1,55,076	—507	20,31,17	16,45,000	18
37-A.—Indian Stores Department	8,71,416	86,730	—180	9,58,066	8,20,000	19
TOTAL	8,76,81,555	92,78,781	—30,170	9,69,79,566	8,67,75,000	20
Currency and Mint—						
38.—Currency	46,16,772	19,559	—37	46,35,294	46,40,000	21
39.—Mint	18,69,366	62,570	—69	19,31,967	13,56,000	22
TOTAL	64,85,138	82,129	—106	65,67,161	60,06,000	23
Civil Works—						
41.—Civil Works	1,75,70,776	1,37,435	—486	1,77,16,265	2,05,31,000	24
Miscellaneous—						
43.—Famine—						
A.—Famine Relief	29,70,740	1,06,300	—323	30,77,717	29,75,000	25
44.—Territorial and Political Pensions	58,1,416	2,16,30,991	—60,478	2,77,74,949	84,25,000	26
45.—Superannuation Allowances and Pensions	30,98,60	4,28,053	—614	35,26,804	33,4,000	27
46.—Stationery and Printing	59,78,345	31,70,546	—6,907	72,41,924	41,73,000	28
47.—Miscellaneous	1,69,60,197	2,43,85,579	—77,682	4,12,34,394	1,69,07,000	29
TOTAL	1,69,60,197	2,43,85,579	—77,682	4,12,34,394	1,69,07,000	30
Miscellaneous capital outlay charged to Revenue—						
45-A.—Commutated value of pensions financed from Ordinary Revenue	11,27,478	...	...	11,27,478	—1,36,000	31
Defence Services—						
48.—Defence Services—Effective	35,45,05,100	6,10,69,947	—2,26,659	41,63,38,444	35,41,50,000	32
49.—Defence Services—Non-effective	3,68,07,730	4,94,96,513	—1,64,937	8,63,04,616	5,68,09,000	33
50.—Transfers to Defence Reserve Fund	14,76,953	...	...	14,76,953	8,40,000	34
TOTAL	34,26,74,823	11,14,66,780	—3,91,596	50,37,49,997	29,73,45,000	35
Contributions and Miscellaneous Adjustments between Central and Provincial Governments—						
61-A.—Miscellaneous Adjustments between the Central and Provincial Governments	96,05,073	...	...	96,05,073	1,00,00,000	36
Extraordinary Items—						
53.—Extraordinary Payments	11,81,633	4,16,906	—2,654	15,95,885	1,35,08,000	37
52-I.—Transfers to Revenue Reserve Fund	...	...	...	...	...	38
TOTAL	11,81,633	4,16,906	—2,654	15,95,885	1,35,08,000	39
Railway Expenditure as per Railway Budget	20,48,68,017	13,95,25,842	—4,46,453	33,37,17,406	10,60,41,000	40
TOTAL EXPENDITURE CHARGED TO REVENUE	88,57,34,487	36,38,80,066	—11,56,797	1,24,34,55,676	83,85,97,000	41

* Sterling converted into

of the Central Government, in India and in England—*contd.*

ESTIMATE, 1933-34.				Increase (+) Decrease (-) as compared with Budget, 1933-34.	BUDGET ESTIMATE, 1934-35.				Increase (+) Decrease (-) as compared with Revised, 1933-34.
Item No.	England.	Exchange.	TOTAL.		India.	England.	Exchange.	TOTAL.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
	8,37,45,000	-1,43,000	17,55,73,000	-4,95,57,000	10,09,47,000	8,20,60,000	...	18,30,07,000	+44,34,000
1	48,30,000	-9,000	1,55,49,000	-1,90,000	1,08,61,000	50,55,000	...	1,59,16,000	+3,67,000
2	2,63,000	-1,000	98,47,000	-2,10,000	99,33,000	3,04,000	...	1,02,37,000	+3,90,000
3	91,000	...	7,93,000	-9,000	7,06,000	99,000	...	8,05,000	+12,000
4	53,000	...	23,79,000	-1,42,000	22,45,000	62,000	...	32,97,000	-82,000
5	95,000	...	54,63,000	+75,000	51,57,000	1,03,000	...	53,90,000	-1,75,000
6	3,74,000	-1,000	23,28,000	-42,000	20,09,000	3,36,000	...	23,43,000	+17,000
7	...	...	9,55,000	-84,000	9,19,000	14,000	...	9,33,000	-23,000
8	8,59,000	-2,000	29,33,000	+6,000	21,72,000	7,62,000	...	29,34,000	+11,000
9	10,79,000	-2,000	1,34,49,000	-2,14,000	1,23,55,000	10,46,000	...	1,34,01,000	-47,000
10	1,34,000	...	3,18,68,000	+1,10,000	2,05,69,000	1,10,000	...	2,06,99,000	-11,69,000
11	6,19,000	-1,000	66,51,000	+3,000	63,50,000	7,33,000	...	70,83,000	+4,33,000
12	51,000	...	29,01,000	-27,000	29,16,000	69,000	...	29,85,000	-6,000
13	1,38,000	...	23,06,000	-1,13,000	22,42,000	1,63,000	...	24,04,000	+95,000
14	1,83,000	...	13,57,000	-67,000	14,44,000	1,63,000	...	16,06,000	+2,54,000
15	91,000	...	28,54,000	+4,15,000	25,00,000	1,10,000	...	26,11,000	-2,43,000
16	17,000	...	1,99,000	-21,000	1,96,000	27,000	...	2,23,000	+24,000
17	40,000	...	13,31,000	+2,37,000	13,90,000	35,000	...	14,25,000	+1,94,000
18	1,76,000	...	18,21,000	+8,000	17,43,000	1,70,000	...	19,13,000	+93,000
19	89,000	...	9,09,000	+3,33,000	6,68,000	87,000	...	7,55,000	-1,54,000
20	91,10,000	-16,000	9,58,69,000	-53,000	8,64,25,000	94,37,000	...	9,58,62,000	-7,000
21	20,000	...	40,60,000	+1,23,000	51,22,000	24,000	...	51,46,000	+4,86,000
22	73,000	...	14,29,000	-4,53,000	14,00,000	83,000	...	14,93,000	+64,000
23	93,000	...	60,89,000	-8,000	65,23,000	1,17,000	...	66,39,000	+5,50,000
24	1,57,000	...	2,00,58,000	+12,96,000	2,00,75,000	1,21,000	...	2,01,96,000	-4,93,000
25	...	...	...	...	...	...	...	...	...
26	1,07,000	...	30,82,000	-8,000	29,33,000	1,07,000	...	30,45,000	-37,000
27	2,12,40,000	-37,000	2,97,03,000	+15,46,000	99,93,000	2,07,51,000	...	3,07,76,000	+11,74,000
28	3,12,000	...	36,50,000	-1,30,000	32,03,000	3,98,000	...	36,08,000	-47,000
29	21,66,000	-4,000	63,34,000	+2,37,000	59,13,000	20,67,000	...	59,20,000	-4,14,000
30	2,38,03,000	-41,000	4,26,63,000	+17,42,000	2,00,51,000	2,32,93,000	...	4,32,44,000	+6,76,000
31	...	...	-1,30,000	-3,80,000	-1,70,000	...	...	-1,70,000	-40,000
32	5,05,17,000	-1,03,000	40,95,94,000	-1,00,84,000	35,09,14,000	6,36,38,000	...	41,45,52,000	+49,58,000
33	5,00,56,000	-57,000	8,03,78,000	+7,69,000	2,67,18,000	4,95,53,000	...	5,02,70,000	-8,000
34	...	...	8,49,000	+8,49,000	-49,75,000	...	...	-49,75,000	-58,24,000
35	10,95,73,000	-1,90,000	49,07,31,000	-54,41,000	35,00,57,000	11,31,90,000	...	49,54,47,000	-8,74,000
36	...	...	...	...	...	...	...	...	...
37	...	...	1,00,00,000	...	2,52,44,000	...	...	2,52,44,000	+1,52,44,000
38	8,53,000	-1,000	1,39,20,000	+1,30,46,000	2,33,000	88,000	...	3,10,000	-1,30,10,000
39	8,53,000	-1,000	1,39,20,000	+1,30,46,000	2,33,000	88,000	...	3,10,000	-1,30,10,000
40	12,59,79,000	-3,24,000	32,89,96,000	-53,49,000	10,74,68,000	13,83,59,000	...	32,58,27,000	-28,09,000
41	35,48,12,000	-6,15,000	1,19,30,94,000	-3,79,61,000	83,94,41,000	35,66,05,000	...	1,19,61,06,000	+30,12,000

Rupees at £1 = Rs. 13½.

C.—Statement of Receipts and Disbursements of the

RECEIPTS.	ACCOUNTS, 1932-33.		
	India.	England.	TOTAL.
	Rs.	Rs.	Rs.
Revenue (from Statement A)	1,25,00,55,762	1,39,65,212	1,26,40,20,974
Exchange	—46,106	...	--46,106
TOTAL	1,25,00,09,656	1,39,65,212	1,26,39,74,868
Railway Capital not charged to Revenue—			
As per Railway Budget	54,137	1,03,40,000	1,03,94,137
Public Debt Incurred—			
Permanent Debt—			
<i>Sterling Debt—</i>			
6 per cent. Bonds	...	5,14,902	
5½ per cent. Stock	...	13,12,697	
5 per cent. Stocks 1942-47	...	12,69,19,770	
4½ per cent. Stock	...	21,33,426	
4 per cent. Stock 1948-53	...	...	
3½ per cent. Stock 1954-59	...	...	
<i>Rupee Debt—</i>			
5½ per cent. Loan 1938-40	19,13,89,900	...	
5 per cent. Loan 1940-43	25,18,47,800	...	
4 per cent. Loan 1960-70	33,80,55,700	...	
4 per cent. Bonds 1943	14,97,17,700	...	
3½ per cent. Loan 1947-50	...	...	
Other 3½ per cent. Loans	1,89,22,800	...	
TOTAL	94,99,33,900	13,08,50,005	1,08,08,13,995
Floating Debt—			
Treasury Bills—			
Issued to Public	1,21,57,25,000	...	
Issued to Paper Currency Reserve	1,34,84,15,000	...	
Temporary Loans	34,75,00,000	...	
TOTAL	2,91,16,40,000	...	2,91,16,40,000
Unfunded Debt—			
Deposits of Service Funds	8,73,407	16,46,503	
Post Office Cash Certificates	15,74,49,949	...	
Savings Bank Deposits	43,76,94,916	...	
TOTAL	59,60,18,272	16,46,503	59,76,61,775
Carried over	5,70,76,55,965	15,68,31,810	

* Sterling converted into

Central Government, in India and in England.

REVISED ESTIMATE, 1933-34.			BUDGET ESTIMATE, 1934-35.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1,16,89,36,000 —51,000	2,92,09,000 ...	1,19,31,45,000 —51,000	1,16,81,50,000 ...	2,89,71,000 ...	1,19,71,21,000 ...
1,16,38,85,000	2,92,09,000	1,19,30,94,000	1,16,81,50,000	2,89,71,000	1,19,71,21,000
...	...	...	...	...	...
...	1,72,000	...	...	...	...
...	13,96,000	...	...	14,85,000	...
...	5,27,000	...	...	5,57,000	...
...	22,50,000	...	...	23,71,000	...
...	15,60,93,000	...	...	1,91,000	...
...	9,18,33,000	...	...	3,80,65,000	...
...	...	...	...	...	...
...	...	...	...	...	...
...	...	...	...	...	...
...	...	...	...	...	...
...	...	...	...	...	...
30,81,74,000 3,43,900	...	...	4,28,000	...	...
30,85,17,000	25,17,71,000	56,02,88,000	4,28,000	4,26,70,000	4,30,98,000
1,08,89,00,000 1,59,43,25,000 54,50,00,000	...	...	1,00,00,00,000 33,05,10,000 ...	...	...
3,22,82,25,000	..	3,22,82,25,000	1,33,05,10,000	...	1,33,05,10,000
8,60,000 18,10,00,000 47,26,30,000	17,85,000	...	8,43,000 12,00,00,000 45,29,36,000	19,20,000	...
80,44,50,000	17,85,000	60,62,75,000	57,87,79,000	19,20,000	57,58,99,000
5,30,51,17,000	28,27,65,000	...	3,07,23,67,000	7,35,81,000	...

Rupees at £1 = Rs. 13½.

C.—Statement of Receipts and Disbursements of the

RECEIPTS— <i>contd.</i>	ACCOUNTS, 1932-33.		
	India.	* England.	TOTAL.
	Rs.	Rs.	Rs.
Brought forward	5,70,76,55,965	15,68,31,810	
Deposits and Advances—			
Provincial Loans Fund	18,42,53,859	...	
Posts and Telegraphs Depreciation Fund	36,95,661	...	
Deposits of Local Funds—			
District Funds	15,62,21,480	...	
Other Funds	9,82,62,020	...	
Sinking Funds for Central Loans	2,16,00,497	...	
Other Appropriations for Reduction or Avoidance of Debt	5,05,85,000	...	
Sinking Fund Investment Account	6,46,83,588	...	
Sinking funds for Loans granted to Local Bodies	4,62,999	...	
Gold Standard Reserve	...	93,48,97,509	
Paper Currency Reserve	...	...	
Deposits of Branch Line Companies.	3,82,611	...	
Road Development Fund	1,01,77,189	...	
Post Office Cash Certificate Bonus Fund	1,25,59,561	...	
Fund for reconstruction of Earthquake damage	...	...	
Departmental and Judicial Deposits	94,69,97,211	...	
Advances	30,41,73,049	1,49,857	
Discount Sinking Fund	50,85,000	...	
Gain or loss on revaluation, sale, transfer, etc., of assets of Paper Currency Reserve	13,07,203	...	
Suspense	2,13,98,584	59,43,272	
Exchange on Remittance Account	...	...	
Miscellaneous	86,10,867	2,01,95,283	
Defence Reserve Fund	14,76,935	...	
TOTAL	1,89,19,32,812	96,11,85,921	2,85,31,18,733
Railway Depreciation and Reserve Funds as per Railway Budget	13,77,30,610	...	13,77,30,610
Carried over	7,73,73,19,887	1,11,80,17,731	

* Sterling converted into

Central Government, in India and in England—*contd.*

REVISED ESTIMATE, 1933-34.			BUDGET ESTIMATE, 1934-35.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
5,30,51,17,000	28,27,65,000		3,07,28,67,000	7,35,61,000	
17,45,00,000	...		16,61,00,000	...	
44,03,000	...		8,72,000	...	
15,70,54,000	...		15,76,42,000	...	
9,89,86,000	...		9,70,66,000	...	
1,97,19,000	...		1,43,50,000	...	
1,22,29,000	...		1,63,29,000	...	
3,62,14,000	...		...	...	
2,50,000	...		...	...	
...	1,17,50,14,000		...	1,47,40,00,000	
...	16,24,38,000		...	68,13,34,000	
1,80,000	...		65,000	...	
1,17,00,000	...		1,18,00,000	...	
70,00,000	...		1,10,00,000	...	
1,28,89,000	...		...	...	
32,60,49,000	...		85,13,08,000	...	
34,30,31,000	3,48,000		35,27,15,000	63,000	
76,56,000	...		89,06,000	...	
21,00,000	...		...	...	
3,90,24,000	74,55,000		3,93,79,000	2,89,000	
4,01,000	...		...	...	
1,57,91,000	1,93,55,000		72,000	1,84,54,000	
8,49,000	...		...	...	
1,87,00,25,000	1,36,45,10,000	3,23,46,35,000	1,72,75,44,000	2,17,41,40,000	3,90,16,84,000
13,60,00,000	..	13,60,00,000	13,65,00,000	...	13,65,00,000
7,31,11,42,000	1,64,73,75,000		4,93,69,11,000	2,24,77,01,000	

Rupees at £1=Rs. 13½.

C.—Statement of Receipts and Disbursements of the

RECEIPTS— <i>concl'd.</i>	ACCOUNTS, 1932-33.		
	India.	England.	TOTAL.
	Rs.	Rs.	Rs.
Brought forward	7,73,73,19,387	1,11,89,17,731	
Loans and Advances by the Central Government—			
Advances to Provincial Loans Fund	82,95,430	...	
Other Loans and Advances	...	...	
TOTAL	82,95,430	...	82,95,430
Remittances--			
I.—Remittances within India—			
Inland Money Orders	78,74,59,734	...	
Other Local Remittances	...	...	
Other Departmental Accounts	...	...	
Net Receipts by Civil Treasuries from—			
Railways	8,93,22,913	...	
Posts and Telegraphs	11,72,46,145	...	
Net Receipts from Civil Treasuries by—			
Defence Services	32,72,85,660	...	
II.—Remittances between England and India—			
Remittance Account—			
Iraq drawings	...	19,66,000	
Sale of Sterling	...	...	
Sale of Silver	...	2,7,08,006	
Other transactions	1,65,95,628	1,74,81,435	
Sterling purchased in India	...	47,64,40,024	
Sterling obtained in London	...	1,61,73,303	
Transfers through the Gold Standard Reserve	20,70,26,667	...	
Transfers through the Paper Currency Reserve	...	...	
TOTAL	1,54,49,36,747	53,57,63,768	2,08,07,00,515
Balances of Provincial Governments	6,16,54,827	...	6,16,54,827
TOTAL RECEIPTS	9,35,22,06,391	1,65,37,81,499	
Opening Balance	12,69,10,744	(a) 21,15,32,561	
GRAND TOTAL	9,47,91,17,135	1,86,53,14,060	

* Sterling converted into Rupees at £1 = Rs. 13½.

(a) Of this amount, £29 represents funds of the Gold Standard Reserve.

Central Government, in India and in England—*contd.*

REVISED ESTIMATE, 1933-34.			BUDGET ESTIMATE, 1934-35.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
7,31,11,42,000	1,64,73,75,000		4,93,69,11,000	2,24,77,01,000	
1,32,00,000	...		...	...	
1,73,79,000	...		84,08,000	...	
3,05,79,000	...	3,05,79,000	84,08,000	...	84,08,000
77,02,80,000	...		81,84,00,000	...	
23,73,000	...		24,29,000	...	
3,00,08,000	...		2,99,85,000	...	
11,96,98,000	...		9,84,33,000	...	
11,32,14,000	...		6,72,36,000	...	
32,03,04,000	...		32,14,30,000	...	
...	76,00,000		...	73,32,000	
...	...		...	...	
...	5,07,85,000		...	...	
1,34,11,000	2,15,41,000		1,47,65,000	1,14,17,000	
...	49,94,94,000		...	35,60,00,000	
...	5,06,000		...	...	
15,50,14,000	...		...	...	
16,24,38,000	...		...	...	
1,68,67,40,000	57,09,26,000	2,26,66,66,000	1,35,26,83,000	87,77,49,000	1,73,04,32,000
2,90,42,000	...	2,90,42,000	2,90,69,000	...	2,90,69,000
9,05,75,03,000	2,22,73,01,000		6,32,70,71,000	2,62,54,50,000	
14,58,99,614	(b) 3,19,33,230		13,43,92,614	(b) 7,10,26,230	
9,20,34,02,614	2,35,92,34,230		6,46,14,63,614	2,69,64,76,230	

* Sterling converted into Rupees at £1=Rs. 13½.

(b) Of this amount, 2897 represents funds of the Gold Standard Reserve.

C.—Statement of Receipts and Disbursements of the

DISBURSEMENTS.	ACCOUNTS, 1932-33.		
	India.	England.	TOTAL.
	Rs.	Rs.	Rs.
Expenditure (from Statement B)	88,57,34,467	36,38,80,006	1,24,96,14,473
Exchange	—11,58,797	...	—11,58,797
TOTAL	88,45,75,670	36,38,80,006	1,24,84,55,676
Irrigation, Posts and Telegraphs and other Capital Outlay not charged to Revenue—			
SECURITY PRINTING PRESS	1,107	...	1,107
IRRIGATION, ETC., WORKS	...	...	...
POSTS AND TELEGRAPHS	14,81,501	...	14,81,501
VIZAGAPATAM PORT	49,51,694	2,90,508	52,42,202
LIGHT-HOUSES AND LIGHT-SHIPS	—77	77	...
CURRENCY	—3,83,512	...	—3,83,512
INITIAL EXPENDITURE ON NEW CAPITAL AT DELHI	...	...	..
PAYMENT OF COMMUTED VALUE OF PENSIONS	78,88,729	...	78,88,729
PAYMENTS TO RETRENCHED PERSONNEL	12,63,541	...	12,63,541
TOTAL	1,52,02,983	2,90,585	1,54,93,568
RAILWAY CAPITAL NOT CHARGED TO REVENUE—			
As per Railway Budget	—93,45,967	1,24,83,308	31,37,431
Public Debt Discharged—			
Permanent Debt—			
<i>Sterling Debt—</i>			
6 p. c. Bonds, 1932-33	...	6,27,36,000	
Do. 1933-34	...	...	
Do. 1933-35	...	5,78,20,000	
5½ p. c. Stock	...	5,00,821	
Redemption of liability assumed in respect of British War Loan, 1929-47	...	...	
State Railway Annuities	...	2,20,39,949	
Do. do. Sinking Funds	...	26,66,667	
<i>Rupee Debt—</i>			
6½ p. c. Treasury Bonds, 1935	...	...	
6 p. c. Bonds, 1933-36	20,74,33,200	...	
Other 6 p. c. Bonds	14,62,66,300	...	
5½ p. c. War Bonds	1,26,200	...	
5 p. c. Loan, 1915-55	4,07,500	...	
5 p. c. Loan, 1929-47	15,65,32,000	...	
5 p. c. Loan, 1939-44	44,73,400	...	
5 p. c. Bonds, 1935	...	...	
5 p. c. Bonds, 1933	17,15,68,100	...	
4½ p. c. Bonds, 1934	...	...	
4½ p. c. Holkar State Railway Loan	...	...	
4 p. c. Conversion Loan, 1916-17	...	...	
4 p. c. Terminable Loan	3,300	...	
Other Loans	2,20,76,500	...	
TOTAL	70,78,76,500	14,57,63,337	85,36,39,837
Carried over	1,59,83,09,186	52,24,17,326	

* Sterling converted into

Central Government, in India and in England—*contd.*

REVISED ESTIMATE, 1933-34.			BUDGET ESTIMATE, 1934-35.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
83,88,97,000	35,48,12,000	1,19,37,09,000	83,94,41,000	35,66,65,000	1,19,61,06,000
—6,15,000	...	—6,15,000	...	...	...
83,82,82,000	35,48,12,000	1,19,30,94,000	83,94,41,000	35,66,65,000	1,19,61,06,000
—1,11,000	...	—1,11,000	—1,15,000	...	—1,15,000
...	...	...	...	...	...
15,67,000	2,000	15,69,000	39,70,000	...	39,70,000
48,50,000	1,30,000	49,80,000	17,71,000	75,000	18,46,000
—2,000	2,000	...	—1,000	1,000	...
—4,14,000	...	—4,14,000	—85,000	...	—85,000
9,99,000	1,000	10,00,000	67,67,000	...	67,67,000
85,47,000	...	85,47,000	49,56,000	...	49,56,000
2,90,000	...	2,90,000	—3,36,000	...	—3,36,000
1,57,26,000	1,35,000	1,58,61,000	1,69,27,000	76,000	1,70,03,000
—75,04,000	1,20,27,000	45,23,000	2,96,00,000	1,72,00,000	4,68,00,000
...	19,000	...	...	...	...
...	18,28,67,000	...	...	...	...
...	3,49,06,000	...	...	...	...
...	28,000	...	...	...	...
...	...	...	...	84,59,000	...
...	2,28,07,000	...	...	2,36,02,000	...
...	26,67,000	...	...	26,67,000	...
84,46,000	...	...	...	...	...
8,89,00,000	...	...	5,00,000	...	...
11,20,000	...	...	3,70,000	...	...
1,30,000	...	...	1,25,000	...	...
...	...	...	...	...	...
4,02,00,000	...	...	6,00,000	...	...
...	...	...	...	...	...
1,39,75,000	...	...	...	...	...
4,22,00,000	...	...	5,00,000	...	...
12,97,55,000	...	...	12,90,00,000	...	...
20,00,000	...	...	10,00,000	...	...
9,86,00,000	...	...	2,00,000	...	...
7,000	...	...	5,000	...	...
4,67,000	...	...	5,00,000	...	...
42,67,50,000	19,32,94,000	61,90,44,000	13,28,00,000	3,47,28,000	16,75,28,000
1,27,22,54,000	56,02,68,000	...	1,01,87,68,000	40,86,69,000	...

C.—Statement of Receipts and Disbursements of the

DISBURSEMENTS— <i>contd.</i>	Accounts, 1932-33.		
	India.	England.	TOTAL.
	Rs.	Rs.	Rs.
Brought forward	1,59,83,09,186	52,24,17,326	
Floating Debt—			
Treasury Bills—			
Issued to Public	1,43,01,35,000	...	
Do. Paper Currency Reserve	1,49,02,80,000	...	
Temporary Loans	44,25,00,000	...	
TOTAL	3,36,29,05,000	...	3,36,29,05,000
Unfunded Debt—			
Special Loans	17,268	...	
Deposits of Service Funds	13,45,343	2,30,216	
Post Office Cash Certificates	4,68,38,771	...	
Savings Bank Deposits	34,82,58,818	...	
TOTAL	39,64,60,200	2,30,216	39,66,90,416
Deposits and Advances—			
Provincial Loans Fund	18,39,54,807	...	
Posts and Telegraphs Depreciation Fund	4,86,910	...	
Deposits of Local Funds—			
District Funds	15,36,78,326	...	
Other Funds	9,70,79,648	...	
Sinking Funds for Central Loans	52,12,055	...	
Other Appropriations for Reduction or Avoidance of Debt	7,48,314	...	
Sinking Fund Investment Account	5,67,34,866	...	
Sinking Funds for Loans granted to Local Bodies	...	...	
Gold Standard Reserve	...	93,48,85,938	
Paper Currency Reserve	...	...	
Deposits of Branch Line Companies	2,67,320	...	
Road Development Fund	1,38,43,454	...	
Fund for reconstruction of Earthquake damage	...	...	
Departmental and Judicial Deposits	95,51,65,623	...	
Advances	29,91,59,580	3,49,109	
Discount Sinking Fund	4,03,03,094	...	
Gain or loss on revaluation, sale, transfer, etc., of assets of Paper Currency Reserve	4,51,66,428	...	
Suspense	1,24,71,048	3,03,087	
Exchange on Remittance Account	...	...	
Miscellaneous	68	2,01,80,127	
Defence Reserve Fund	...	...	
TOTAL	1,86,42,71,541	95,57,18,261	2,81,99,89,802
Railway Depreciation and Reserve Funds as per Railway Budget	16,57,63,634	...	16,57,63,634
Carried over.	7,38,77,09,561	1,47,83,65,803	

* Sterling converted into

Central Government, in India and in England—*contd.*

REVISED ESTIMATE, 1933-34.			BUDGET ESTIMATE, 1934-35.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1,27,22,54,000	56,02,68,000		1,01,87,68,000	40,86,69,000	
1,04,98,25,000	...		1,00,00,00,000	...	
1,77,16,20,000	...		33,05,10,000	...	
54,50,00,000	...		...	...	
3,36,64,45,000	...	3,36,64,45,000	1,33,05,10,000	...	1,33,05,10,000
88,000	...		17,000	...	
12,44,000	2,49,000		12,44,000	2,76,000	
5,30,00,000	...		6,50,00,000	...	
32,71,32,000	...		33,26,24,000	...	
38,14,64,000	2,49,000	38,17,13,000	39,88,85,000	2,76,000	39,91,61,000
17,37,00,000	...		16,50,00,000	...	
7,69,000	...		8,72,000	...	
15,35,96,000	...		15,62,39,000	...	
9,87,61,000	...		9,67,60,000	...	
1,57,31,000	...		...	...	
...	...		...	...	
2,17,05,000	...		...	...	
98,00,000	...		...	...	
...	1,17,50,14,000		...	1,47,40,00,000	
...	16,24,38,000		...	68,13,34,000	
2,00,000	...		60,000	...	
1,03,00,000	...		1,04,00,000	...	
...	...		75,00,000	...	
83,24,54,000	...		84,89,31,000	...	
83,66,22,000	3,46,000		34,63,98,000	63,000	
1,89,09,000	...		...	...	
8,09,50,000	...		4,85,000	...	
5,01,60,000	73,93,000		3,30,51,000	2,24,000	
4,01,000	...		...	...	
...	1,93,95,000		...	1,84,54,000	
...	...		49,75,000	...	
1,90,40,70,000	1,36,45,86,000	3,26,86,56,000	1,67,06,61,000	2,17,40,75,000	3,84,47,36,000
13,87,11,000	...	13,87,11,000	14,00,22,000	...	41,00,22,000
7,06,29,44,000	1,92,51,03,000		4,55,88,46,000	2,58,30,20,000	

Rupees at 21 = Rs. 134.

C.—Statement of Receipts and Disbursements of the

DISBURSEMENTS— <i>concd.</i>	ACCOUNTS, 1932-33.		
	India.	England.	TOTAL.
	Rs.	Rs.	Rs.
Brought forward	7,38,77,09,561	1,47,83,65,803	
Loans and Advances by the Central Government—			
Advances to Provincial Loans Fund	6,11,52,000	...	
Other Loans and Advances	1,63,06,682	...	
TOTAL	7,74,58,682	...	7,74,58,682
Remittances—			
I.—Remittances within India—			
Inland Money Orders	78,79,90,388	...	
Other Local Remittances	19,20,325	...	
Other Departmental Accounts	95,948	...	
Net Payments into Civil Treasuries by—			
Railways	9,29,44,767	...	
Posts and Telegraphs	11,71,02,051	...	
Net Issues from Civil Treasuries to—			
Defence Services	32,88,03,955	...	
II.—Remittances between England and India—			
Remittance Account—			
Iraq drawings	19,66,000	...	
Sale of Sterling	...	...	
Sale of Silver	2,37,03,006	...	
Other transactions	2,09,09,535	1,23,15,016	
Sterling purchased in India	47,64,40,000	...	
Sterling obtained in London	1,61,73,303	...	
Transfers through the Gold Standard Reserve	...	20,70,26,667	
Transfers through the Paper currency Reserve	...	...	
TOTAL	1,86,80,49,278	21,93,41,683	2,08,73,90,961
Balances of Provincial Governments	...	8,56,73,344	8,56,73,344
TOTAL DISBURSEMENTS	9,33,32,17,521	1,73,33,80,830	
Closing Balance	14,58,99,614	(b) 13,19,33,230	
GRAND TOTAL	9,47,91,17,135	1,86,53,14,060	

*Sterling converted into Rupees at £1 = Rs. 13½.

(a) Of this amount, £ 29 represent funds of the Gold Standard Reserve.

Central Government, in India and in England—*concl'd.*

REVISED ESTIMATE, 1933-34.			BUDGET ESTIMATE, 1934-35.		
India.	* England.	TOTAL.	India.	* England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
7,06,29,44,000	1,92,51,03,000		4,55,88,46,000	2,58,30,20,000	
5,00,00,000	...		6,00,00,000	...	
2,02,44,000	...		2,33,03,000	...	
7,02,44,000	...	7,02,44,000	8,33,03,000	...	8,33,03,000
77,03,00,000	...		81,81,00,000	...	
23,02,000	...		23,12,000	...	
8,00,78,000	...		3,00,88,000	...	
11,86,98,000	...		9,84,38,000	...	
11,32,14,000	...		6,72,36,000	...	
32,03,04,000	..		32,14,30,000	...	
76,00,000	..		73,32,000	...	
...	...		...	...	
5,07,85,000	...		...	...	
2,15,41,000	1,34,11,000		1,44,17,000	1,47,65,000	
49,94,94,000	...		35,60,00,000	...	
5,06,000	...		...	...	
...	15,50,14,000		...	...	
...	16,24,38,000		...	...	
1,93,58,22,000	33,08,63,000	2,26,66,85,000	1,71,53,53,000	1,47,65,000	1,73,01,18,000
..	3,22,42,000	3,22,42,000	...	3,15,69,000	3,15,69,000
8,06,90,10,000	2,28,82,08,000		6,35 75,02,000	2,62,93,54,000	
13,43,92,614	(b) 7,10,26,230		10,39,61,614	(b) 6,71,22,230	
9,20,34,02,614	2,35,92,34,230		6,46,14,63,614	2,69,64,76,230	

*Sterling converted into Rupees at £ 1—Rs. 13½.

(a) of this amount, £ 20 represents funds of the Gold Standard Reserve.

D.—Abstract Statement of the Receipts and Disbursements of the Central Government, in India and in England.

Revenue and Expenditure.	ACCOUNTS, 1932-33.		REVISED ESTIMATE, 1933-34.		BUDGET ESTIMATE, 1934-35.	
	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Principal Heads of Revenue—						
Customs	51,92,23,068	...	46,57,92,000	...	46,76,42,000	...
Taxes on Income	17,19,81,054	...	16,30,08,000	...	16,39,87,000	...
Salt	8,95,83,647	...	7,40,74,000	...	7,57,92,000	...
Opium	5,98,673	...	87,08,000	...	52,79,000	...
Other Heads	1,27,10,045	...	1,26,54,000	...	1,23,99,000	...
TOTAL	78,60,96,517	...	71,73,34,000	...	72,50,09,000	...
Expenditure—						
Forest and other Capital Outlay charged to Revenue	...	2,37,450	...	1,46,000	...	1,46,000
Irrigation	...	3,76,265	...	3,97,000	...	5,92,000
Railways	...	...	...	...	...	...
Posts and Telegraphs	...	46,45,003	...	55,43,000	...	18,54,000
Debt Services	...	16,57,90,631	...	11,07,00,000	...	11,47,50,000
Civil Administration	...	8,82,11,329	...	8,31,20,000	...	8,60,34,000
Currency and Mint	1,04,98,131	...	62,46,000	...	60,63,000	...
Civil Works	...	1,63,79,033	...	1,82,86,000	...	1,78,10,000
Miscellaneous	...	3,30,29,308	...	3,56,54,000	...	3,75,37,000
Defence Services	...	46,74,00,000	...	44,42,47,000	...	44,38,00,000
Provincial Contributions and Miscellaneous Adjustments between Central and Provincial Governments	...	98,05,073	...	1,00,00,000	...	3,53,44,000
Extraordinary Items	...	18,89,785	...	1,03,57,000	...	8,10,000
TOTAL	80,15,93,648	76,60,73,456	72,34,80,000	72,34,80,000	73,10,72,000	73,00,57,000

D.—Abstract Statement of the Receipts and Disbursements of the Central Government, in India and in England—*concl'd.*

Revenue and Expenditure.	ACCOUNTS, 1932-33.		REVISED ESTIMATE, 1933-34.		BUDGET ESTIMATE, 1934-35.	
	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Surplus or deficit	1,55,19,192	...	...	...	10,15,000	...
Capital Account—						
Capital outlay on Security Printing Press	...	1,107	...	—1,11,000	...	—1,15,000
Railway Capital not charged to Revenue	...	—72,56,706	...	45,23,000	...	4,68,00,000
Construction of Irrigation, etc., Works	...	...	...	...	...	...
Capital outlay on Posts and Telegraphs	...	14,81,501	...	15,69,000	...	39,70,000
Capital outlay on Vizagapatam Port	...	52,42,202	...	49,80,000	...	18,46,000
Capital outlay on Light-houses and Light-ships	...	...	...	...	...	...
Currency Capital outlay	...	—3,63,512	...	—4,14,000	...	—85,000
Initial expenditure on New Capital at Delhi	...	...	...	10,00,000	...	67,67,000
Payment of commuted value of pensions	...	78,88,729	...	85,47,000	...	49,56,000
Payments to Retrenched Personnel	...	12,63,541	...	2,90,000	...	—3,38,000
Debt, Deposits, Advances and Remittances—						
Permanent Debt	22,71,74,158	..	...	5,57,56,000	...	12,44,30,000
Floating Debt	...	45,12,65,000	...	13,82,20,000	...	...
Unfunded Debt	20,09,74,359	...	22,45,63,000	...	17,65,38,000	...
Deposits and Advances	50,95,905	...	...	3,67,33,000	5,34,26,000	..
Loans and Advances by Central Government	...	6,01,63,152	...	3,96,65,000	...	7,43,95,000
Remittances	...	66,00,446	...	19,000	3,14,000	..
Balances of Provincial Governments	2,59,51,485	...	...	32,00,000	...	25,00,000
Opening Balance	33,84,43,305	...	27,78,32,844	...	20,54,18,844	...
Closing Balance	..	27,78,32,844	...	20,54,18,844	...	17,10,53,844
TOTAL	81,81,88,404	81,31,88,404	50,23,94,844	50,23,94,844	43,07,11,844	43,07,11,844

Explanatory Memorandum

by the

Financial Secretary.

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INTRODUCTORY.

(Unless otherwise stated, the amounts mentioned are in lakhs of rupees; and the expressions "last year", "current year" and "next year" stand for the financial years 1932-33, 1933-34 and 1934-35 respectively.)

REVENUE AND EXPENDITURE.

1. The following statement gives the revenue and expenditure of the Central Government since 1921-22. The sterling amounts are converted into rupees at the average of the daily rates for telegraphic transfers in Calcutta on London in each year. The rate of conversion has been assumed to be 1s. 6 1/32d. in 1933-34 and as usual 1s. 6d. in 1934-35.

Year.	(1) Revenue excluding transfer from Revenue Reserve Fund.	(2) Expenditure excluding transfer to Revenue Reserve Fund and provision for Reduction or Avoidance of Debt and items shown in (3)	(3) Transfer to Earthquake Fund and Special subventions to Provinces.	(4) Balance of (1) and (2) plus (3).	(5) Provision for Reduction or Avoidance of Debt and Transfers to or from Revenue Reserve Fund.	(6) Final Surplus (+) Deficit (-).
1921-22 . .	1,15,21	1,38,40	..	-23,19	4,46	-27,65
1922-23 . .	1,21,41	1,31,88	..	-10,47	4,55	-15,02
1923-24 . .	1,33,17	1,27,16	..	+6,01	3,62	+2,39
1924-25 . .	1,38,04	1,28,58	..	+9,46	3,78	+5,68
1925-26 . .	1,33,33	1,25,05	..	+8,28	4,97	+3,31
1926-27 . .	1,31,70	1,23,77	..	+7,93	(a) 7,93	..
1927-28 . .	1,25,04	1,22,22	..	+2,82	(b) 2,82	..
1928-29 . .	1,28,24	1,23,88	..	+4,36	(c) 4,68	-32
1929-30 . .	1,32,69	1,26,68	..	+6,01	5,74	+27
1930-31 . .	1,24,60	1,30,04	..	-5,44	6,14	-11,58
1931-32 . .	1,21,64	1,26,50	..	-4,86	6,89	-11,75
1932-33 . .	1,26,40	1,18,01	..	+8,39	6,84	+1,55
1933-34 (Revised)	1,19,31	1,15,02	1,29	+3,00	3,00	..
1934-35 (Budget)	1,19,71	1,15,10	1,51	+3,10	3,00	+10

(a) After adding 2,96 transferred to Revenue Reserve Fund.

(b) After deducting 2,22 transferred from Revenue Reserve Fund.

(c) After deducting 74 transferred from Revenue Reserve Fund.

2. In the figures above all receipts on revenue account are included in the total of revenue and all outlay in the total of expenditure, with the main exceptions that the working expenses of railways, irrigation works and posts and telegraphs, and the surplus profits paid to certain railway companies, are treated not as expenditure but as a deduction from revenue. The figures of gross revenue thus include the net receipts of railways and other commercial undertakings without any deduction on account of interest charges and also the total receipts under tax revenue without eliminating the cost of collection. Further, defence expenditure is shown gross, the defence receipts being included under revenue. To present a real picture of the revenue available for administrative purposes and the expenditure on such purposes, an analytical table of the net revenue and expenditure of the Central Government is given below.

TABLE I.

Year.	Tax revenue less cost of collection (a).	Other revenue net excluding Defence receipts.	Total net revenue.	Interest on Debt.	Reduction or Avoidance of Debt.	Defence expenditure net.	Transfer to Earthquake Fund and Special subventions to Provinces.	Other expenditure charged to revenue but omitting cost of collection of tax revenue.	Total expenditure charged to revenue.	Surplus+ Deficit—.
1921-22 .	60,78	17,65	78,43	13,70	4,46	69,81	..	18,11	1,06,08	-27,65
1922-23 .	64,41	21,33	85,74	13,87	4,55	65,27	..	17,07	1,00,76	-15,02
1923-24 .	66,66	30,45	97,11	15,97	3,62	56,23	..	18,90	94,72	+2,39
1924-25 .	67,54	28,84	96,38	14,90	3,78	55,63	..	16,39	90,70	+5,68
1925-26 .	68,10	25,29	93,39	13,37	4,97	56,00	..	15,74	90,08	+3,31
1926-27 .	67,96	25,32	93,28	11,77	4,97	55,97	..	20,57	93,28	.. (b)
1927-28 .	68,12	17,43	85,55	10,57	5,04	54,79	..	15,15	85,55	.. (c)
1928-29 .	71,63	15,62	87,25	10,20	5,42	55,10	..	16,85	87,57	-32(d)
1929-30 .	71,74	19,46	91,20	10,85	5,74	55,10	..	19,24	90,93	+27
1930-31 .	66,54	13,60	80,14	11,28	6,14	54,30	..	20,00	91,72	-11,58
1931-32 .	69,52	7,77	77,29	12,83	6,89	51,76	..	17,56	89,04	-11,75
1932-33 .	76,74	6,10	82,84	11,61	6,84	46,74	..	16,10	81,29	+1,65
1933-34 (Revised)	68,96	5,51	74,47	9,66	3,00	44,42	1,29	16,10	74,47	..
1934-35 (Budget)	70,12	5,28	75,40	10,34	3,00	44,38	1,51	16,07	75,30	+10

(a) Excludes share of additional revenue from import and excise duties on motor spirit payable to Road Development Fund.

(b) A surplus of 2,96 was transferred to Revenue Reserve Fund.

(c) A deficit of 2,22 was met by transfer from Revenue Reserve Fund.

(d) The deficit of 1,06 was met to the extent of 74 by transfer from Revenue Reserve Fund.

3. The figures in the above table are further analysed in the five tables that follow :—

EXPLANATORY MEMORANDUM : GENERAL BUDGET.

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TABLE II.
Analysis of Revenue and Expenditure of the Central Government.

Year.	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
	Tax Revenue.	Cost of collection.	Net Tax Revenue.	Net Revenue from Commercial Departments.	Optim (Receipts less expenditure).	Currency and Mint (Receipts less expenditure).	Interest Receipts.	Provincial Contributions.	Extraordinary Receipts.	Other Revenue.	Total Net Revenue.	Interest on Debt.	Reduction or Avoidance of Debt.	Transfer to Revenue Reserve Fund.	Extraordinary Payments.	Defence Expenditure (net).	Other Expenditure.	Net Capital Outlay of Commercial Departments (Costs and Telegraphs and Irrigation) charged to revenue.	Total Net Expenditure.	Surplus +, Deficit -.
1921-22	68.78	3.00	60.78	7.01	1.27	2.30	1.11	9.88	...	9.16	78.43	13.70	4.46	...	...	69.81	17.01	1.10	1,06.08	-27.05
1922-23	67.33	2.97	64.41	4.09	1.92	2.59	1.16	9.20	...	2.37	86.74	13.87	4.55	...	...	65.27	16.89	18	1,00.76	-15.02
1923-24	69.14	2.48	66.66	8.97	1.86	2.14	3.16	9.20	...	2.72	97.11	15.97	2.63	...	3.41	56.23	15.80	-37	94.72	+2.39
1924-25	70.34	2.70	67.64	7.11	1.44	3.28	3.41	9.20	3.54	1.56	90.38	14.90	3.78	...	1	55.63	(c) 16.76	-37	90.70	+5.68
1925-26	71.06	2.96	68.10	5.78	2.04	3.94	4.22	6.20	63	2.46	93.39	13.37	4.97	...	26	56.00	(c) 17.00	-1.52	90.08	+3.31
1926-27	70.83	2.87	67.96	6.09	3.33	3.39	4.09	5.17	60	2.65	93.28	11.77	4.97	2.96	4	55.97	(c) 17.39	18	93.29	...
1927-28	71.13	3.01	68.12	5.92	3.07	1.90	3.63	...	14	2.78	88.55	10.57	5.04	-2.22	18	54.79	(c) 16.09	20	85.55	...
1928-29	(a) 74.77	3.14	71.63	4.52	2.72	2.17	2.50	...	30	3.11	87.25	10.20	5.42	-74	1	55.10	(c) 17.42 and (d)	16	87.57	-32
1929-30	(a) 74.99	3.25	71.74	5.24	2.55	2.00	4.40	...	1.59	3.38	91.20	10.85	5.74	...	...	55.10	(d) 19.11	13	90.91	+27
1930-31	(a) 69.78	3.22	66.54	4.03	1.79	2.27	3.39	...	90	3.13	80.14	11.28	6.14	...	...	54.30	(d) 19.09	15	91.73	-11.59
1931-32	(a) 72.68	3.06	69.62	...	1.25	1.03	2.41	...	21	3.85	77.29	12.63	6.80	...	3	51.76	(d) 18.03	-50	86.04	-11.75
1932-33	(a) 73.91	3.17	70.74	-42	6	1.65	1.58	...	2	2.91	82.54	11.91	6.81	...	10	40.74	(b) (c)	6	81.39	+1.55
1933-34 (Revised)	(a) 72.31	3.85	68.46	-52	57	62	1.59	...	86	2.89	74.47	9.86	8.00	...	(k) 1.89	41.42	(b) (c)	4	74.47	...
1934-35 (Budget)	(a) 73.40	3.87	70.12	-14	53	61	1.86	...	...	2.42	75.40	10.34	3.00	...	3	44.38	(b) (c)	4	75.30	+10

(a) Excludes share of additional revenue from import and excise duties on motor spirit, payable to Road Development Fund.

(b) Includes 5.50 freight tax.

(c) Includes bounties 62.

(d) " " 85.

(e) " " 85.

(f) " " 13.

(g) Includes bounties 4.

(h) Excludes transfers to Road Development Fund.

(i) Includes 98 on account of the North-West Frontier Province.

(j) Includes 1.00 "transferred" to the Fund for reconstruction of earthquake damage.

(k) Includes 1.29 on account of special subsidies to Provinces out of Match Excise and Sugar Excise.

(l) Includes 1.51 on account of special subsidies to Provinces out of Match Excise and Sugar Excise.

TABLE III.
Analysis of Tax Revenue.

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
	Revenue from Customs.	Cost of Collection.	Revenue from Taxes on Income.	Cost of Collection.	Revenue from Salt.	Cost of Collection.	Land Revenue.	Cost of Collection.	Revenue from Excise.	Cost of Collection.	Revenue from Stamps.	Cost of Collection.	Revenue from Registrations.	Cost of Collection.	Total Gross Tax Revenue.	Transfers to Road Development Fund.	Tax revenue retained by Central Government.	Total Cost of Collection.	Total net Tax Revenue.
1921-22	34,41	66	21,89	22	6,34	1,56	33	15	54	3	25	37	2	1	63,78	..	63,78	3,00	60,78
1922-23	41,35	71	17,99	45	6,82	1,51	43	13	52	3	25	13	2	1	67,38	..	67,38	2,97	64,41
1923-24	39,70	71	18,23	63	10,01	1,36	43	11	48	2	28	—35	1	..	69,14	..	69,14	2,48	66,66
1924-25	45,75	77	16,01	61	7,39	1,20	38	11	42	2	27	—1	2	..	70,24	..	70,24	2,70	67,54
1925-26	47,78	82	15,86	59	6,33	1,25	38	12	42	11	27	7	2	..	71,06	..	71,06	2,96	68,10
1926-27	47,38	81	15,65	62	6,70	1,20	41	13	41	10	27	1	1	..	70,83	..	70,83	2,37	67,96
1927-28	48,22	85	15,06	66	6,63	1,27	41	11	52	12	27	..	2	..	71,13	..	71,13	3,01	68,12
1928-29	49,28	84	16,70	69	7,60	1,23	38	12	53	15	31	1	2	..	74,82	5	74,77	3,14	71,63
1929-30	51,28	97	16,71	72	6,76	1,27	38	11	55	17	27	1	2	..	75,97	98	74,99	3,25	71,74
1930-31	46,81	93	16,00	75	6,83	1,26	34	10	47	17	28	1	1	..	70,74	98	69,76	3,22	66,54
1931-32	46,44	90	17,49	74	8,58	1,16	34	9	51	16	23	1	1	..	73,60	1,02	72,58	3,06	69,52
1932-33	51,95	93	17,97	78	10,07	1,12	18	5	42	15	33	14	1	..	80,93	1,02	79,91	3,177	6,74
1933-34																			
(Revised).	46,87	99	17,13	83	8,55	1,14	20	6	41	15	31	18	1	..	73,48	1,17	72,31	3,35	68,96
1934-35																			
(Budget).	47,16	1,01	17,25	85	8,73	1,15	20	6	42	15	30	15	1	..	74,57	1,18	73,49	3,37	70,12

TABLE IV.
Analysis showing how net interest figure in Table II is arrived at.

	Amounts charged to						Interest on other obligations.										Total Interest on other obligations.	Total Interest payments (Net).		
	Gross Interest on Ordinary Debt.	Railways.	Irrigation.	Posts and Telegraphs.	Provincial Loans Fund.	Other heads.	Total deductions.	Net Interest on Ordinary Debt.	Bonus on Cash Certificates.	Post Office Savings Bank.	Provident Funds.	Service Funds.	Fixed Deposits of Provincial Governments.	Famine Relief Fund.	Railway Reserve Fund.	Railway Depreciation Fund.			P. & T. Depreciation Fund.	Other items.
1921-22	30,00	15,64	12	57	2,58	..	18,91	11,09	14	62	1,56	11	..	..	..	..	..	18	2,61	13,70
1922-23	30,88	16,35	12	59	3,02	..	20,08	10,80	48	63	1,58	11	..	2	..	..	..	25	3,07	13,87
1923-24	35,03	17,57	12	64	3,75	..	22,08	12,95	28	67	1,67	11	..	9	..	..	..	20	3,02	15,97
1924-25	37,56	21,23	12	69	4,21	3	26,28	11,28	16	71	1,85	10	..	14	14	7	..	45	3,62	14,90
1925-26	38,12	23,14	12	61	5,21	6	29,04	9,08	16	74	2,05	10	6	17	34	20	1	46	4,29	13,37
1926-27	37,31	24,30	12	58	5,35	9	30,44	6,87	16	79	2,27	10	21	18	37	27	2	53	4,90	11,77
1927-28	37,46	25,75	12	62	5,46	14	32,09	5,37	23	87	2,21	10	21	20	48	33	3	54	5,20	10,57
1928-29	38,70	27,82	12	70	5,88	15	34,67	4,03	60	98	2,38	10	17	20	65	41	5	63	6,17	10,20
1929-30	40,34	29,09	12	73	6,20	18	36,32	4,02	73	1,03	2,54	12	23	16	74	53	7	68	6,83	10,85
1930-31	41,67	31,34	13	84	6,55	21	39,07	2,60	2,00	1,05	2,93	13	22	16	58	74	11	76	8,68	11,28
1931-32	44,57	31,76	13	79	7,25	24	40,17	4,40	2,06	1,08	3,10	12	7	15	14	79	13	78	8,43	12,83
1932-33	43,56	31,57	2	83	8,01	25	40,68	2,88	2,20	1,15	3,38	13	6	13	..	73	14	81	8,73	11,61
1933-34																				
(Revised)	40,30	31,11	3	85	8,06	25	40,30	..	2,60	1,30	3,76	13	11	10	..	64	15	87	9,66	9,66
1934-35																				
(Budget).	39,77	30,81	2	86	8,00	9	39,78	—1	3,10	1,41	3,86	14	6	9	..	61	17	91	10,35	10,34

NOTE.—An important point to notice in connection with the amount debited to the Budget during the years included in the above Table is that nothing like a full percentage on the outstanding Post Office Cash Certificates was included until 1930-31. The amounts of Certificates outstanding during these years were:—

Amount of Certificates outstanding (Mean of opening and closing balances).		Percentage to capital outstanding of interest charges actually borne on budget.	Amount of Certificates outstanding (Mean of opening and closing balances).		Percentage to capital outstanding of interest charges actually borne on budget.
1921-22	• 4,56	14	1929-30	• 33,65	73
1922-23	• 3,73	48	1930-31	• 36,72	2,00
1923-24	• 5,77	28	1931-32	• 41,50	2,06
1924-25	• 10,76	16	1932-33	• 50,11	2,20
1925-26	• 17,03	16	1933-34		
1926-27	• 23,82	16	(Estimate).	59,54	2,60
1927-28	• 28,69	23	1934-35.		
1928-29	• 31,50	60	(Estimate).	66,19	3,10

TABLE VI.
Analysis of the total expenditure on 'Civil Administration' in Table V.

	General Administration.	Audit.	Administration of Justice.	Jails and Convict Settlements.	Police.	Ports and Pilotage.	Lighthouses and Lightships.	Ecclesiastical.	Political.	Watch and Ward.	Scientific Departments.	Education.	Medical.	Public Health.	Agriculture.	Industries.	Civil Aviation.	Miscellaneous Departments.	Indian Stores Department.	Total.	
1921-22	.	1,93	70	10	45	88	24	..	31	2,26	..	1,12	31	31	16	21	1	1	41	..	9,41
1922-23	.	2,04	75	11	41	89	23	..	30	3,04	..	91	31	32	16	21	..	..	26	..	9,04
1923-24	.	1,56	75	13	36	84	23	..	29	2,98	..	85	31	28	11	24	1	..	40	..	9,34
1924-25	.	1,54	78	12	36	94	25	..	31	3,16	..	76	32	26	17	31	61	..	24	..	10,13
1925-26	.	1,56	84	13	36	96	32	..	32	3,37	..	80	32	29	13	27	86	1	23	..	10,77
1926-27	.	1,66	85	15	37	93	35	..	32	3,32	..	85	38	30	17	27	82	13	11	16	11,14
1927-28	.	1,72	89	14	35	69	33	..	32	1,58	2,50	91	48	30	17	29	15	10	12	17	11,21
1928-29	.	1,88	97	15	35	74	29	..	32	1,58	2,54	93	45	31	19	30	7	5	13	19	11,44
1929-30	.	2,25	1,02	15	42	76	25	14	32	1,62	2,69	94	52	32	21	46	3	20	15	21	12,66
1930-31	.	2,13	1,03	15	48	93	26	12	32	1,96	2,78	93	62	32	19	48	3	23	29	9	13,34
1931-32	.	1,98	1,01	16	39	88	26	11	30	1,64	2,39	86	62	30	17	35	2	20	44	9	12,17
1932-33	.	1,53	94	9	25	55	22	10	29	1,45	2,18	67	35	22	13	30	2	10	20	10	9,69
1933-34 (Revised)	.	1,55	98	8	24	55	23	10	29	1,34	2,19	67	30	23	14	29	2	12	18	9	9,59
1934-35 (Budget)	1,59	1,03	8	23	53	53	24	9	29	1,34	2,07	71	30	24	16	26	2	14	19	8	9,59

Savings from cut
in pay in—
1933-34 . . . 4 5
1934-35 . . . 4 5

1 22
1 21

ACCOUNTS, 1932-33.

4. The Accounts for 1932-33 show a surplus of 1,55 or 62 less than the revised estimate. The principal variations in the actuals from the revised estimate are as follows :

<i>Revenue.</i>			
		<i>Increases.</i>	<i>Decreases.</i>
Taxes on Income	27	Customs	33
Posts and Telegraphs	6	Salt	31
Interest	5	Opium	5
		Currency and Mint	10
		Other heads	8
		Total decrease in revenue	49

<i>Expenditure.</i>			
		<i>Increases.</i>	<i>Decreases.</i>
Debt Services	32	Direct demands on revenue	5
		Civil Works	7
		Other heads of expenditure	7
Total increase in expenditure	13		

REVISED ESTIMATE, 1933-34.

5. The revised estimate for the current year compares with the budget estimate as shown below :—

	Budget, 1933-34.	Revised, 1933-34.
Revenue	1,24,35	1,19,31
Expenditure	1,24,10	1,19,31
Surplus + ...	+25	...

The important variations as compared with the budget estimate are as follows :—

	+ Better —worse.	
<i>Revenue—</i>	+	—
Customs	..	4,38
Taxes on Income	..	93
Salt	..	20
Opium (net)	24	..
Interest receipts	..	23
Currency and Mint receipts (net)	..	48
Miscellaneous receipts	14	..
Extraordinary receipts	36	..
<i>Expenditure—</i>		
Interest charges	1,13	..
Reduction or Avoidance of debt	3,88	..
Civil Works	..	13
Pensionary charges (including commuted value of pensions financed from Ordinary revenue)	..	12
Defence Services (net)	1,78	..
Extraordinary payments	..	1,31
	7,53	7,78
Net worseness	25	

6. The following tables show in detail the variations under the main heads of account and the position is further explained in the section-notes on certain heads of revenue and expenditure.

Revenue.

Heads of Account.	1933-34.		1934-35.
	Budget.	Revised.	Budget.
<i>Revenue.</i>			
Customs { Petrol tax for Road Fund	1,07	1,17	1,18
{ Other items	50,18	45,70	46,58
Taxes on Income	18,06	17,13	17,25
Salt	8,75	8,55	8,73
Opium	1,20	1,59	95
Other principal heads of revenue	1,89	1,86	1,82
Irrigation : Receipts less working expenses	..	..	..
Interest	1,82	1,59	1,86
Civil Administration	83	77	78
Civil Works	22	24	24
Currency and Mint	1,75	1,23	1,27
Miscellaneous	57	68	57
Extraordinary Receipts	..	36	..
Provincial contributions and miscellaneous adjustments between Central and Provincial Governments	..	..	..
Posts and Telegraphs : Receipts less working expenses	30	32	70
Railways : Receipts less working expenses	33,39	32,87	32,58
Defence Receipts	4,32	5,25	5,20
TOTAL	1,24,35	1,19,31	1,19,71

Expenditure.

	1933-34.		1934-35.
	Budget.	Revised.	Budget.
Heads of Account.			
<i>Expenditure.</i>			
Customs	98	99	1,01
Taxes on Income	85	83	85
Salt	1,15	1,14	1,15
Opium	57	72	42
Other heads recording direct demands on the revenue	61	59	58
Irrigation : Interest and Miscellaneous charges	4	4	6
Civil Administration	9,59	9,59	9,59
Currency and Mint	64	61	66
Civil Works { Transfer to Road Fund	1,07	1,17	1,18
{ Other items	87	90	84
Superannuation Allowances and Pensions	2,81	2,96	3,08
Miscellaneous	1,28	1,30	1,25
Extraordinary payments	9	1,39	3
Posts and Telegraphs : Interest on Debt	88	83	84
Railways : Interest and Miscellaneous charges	33,39	32,87	32,58
Defence Services	50,52	49,67	49,58
Interest	10,79	9,66	10,34
Reduction or Avoidance of Debt	6,88	3,00	3,00
Miscellaneous adjustment, etc.	1,00	1,00	2,53
Capital expenditure financed from Revenue :			
Posts and Telegraphs	4	4	4
Other Works	3	2	2
Commutation of Pensions	2	—1	—2
TOTAL	1,24,10	1,19,31	1,10,61

Budget Estimate, 1934-35.

7. It is difficult in present conditions to frame any accurate estimate of revenue. The estimates which are now put forward for 1934-35, are based generally, and in particular with regard to customs revenue, on the assumption that there will be a modest improvement in general conditions next year. They include 1,47 from Sugar excise duty, 1,38 from Match excise duty and 30 from changes in the duty on Tobacco. They also provide for the payment of 7 from the proceeds of the Sugar excise duty to Provinces in which there is sugar manufacture; for the payment to Burma of 18, in compensation for the loss of the existing match tax there; and for the transfer to the jute producing provinces of a share of the jute export duty less cost of collection, viz. 1,26.

8. The estimate under the head Taxes on Income assumes slightly better conditions this year than in 1932-33 and allows for a small drop on account of the earthquake losses.

9. The estimate of salt revenue is based on a total consumption of 5,20 lakhs of maunds of salt against 5,10 lakhs of maunds in the current year.

10. The total revenue and expenditure figures on this basis are :—

Revenue.	Expenditure.	Surplus.
1,19,71	1,19,61	10

The details under the main heads of account are shown in the table in paragraph 6.

NOTES ON CERTAIN HEADS OF REVENUE AND EXPENDITURE.

CUSTOMS.

	Revenue (Receipts less Refunds).	Expenditure.	Net revenue.
1930-31	46,80·76	93·39	45,87·37
1931-32	46,43·67	90·50	45,53·17
1932-33	51,95·17	92·94	51,02·23
1933-34 { Budget	51,24·60	97·60	50,27·00
{ Revised	46,87·00	99·08	45,87·92
1934-35 Budget	47,76·00	1,00·58	46,75·42

11. The details are as follows :—

	Accounts, 1930-31.	Accounts, 1931-32.	Accounts, 1932-33.	1933-34.		Budget, 1934-35.
				Budget.	Revised.	
REVENUE.						
SEA CUSTOMS.						
IMPORTS.						
<i>Non-protective Special Duties.</i>						
Wheat and wheat flour	..	2·06	13·44	..	4·27	4·20
Liquors—						
(a) Porter, cider and other fermented liquors (excluding ale and beer).	23·85	31·55	35·41	1·00	1·16	1·12
(b) Spirits and Liqueurs (exclud- ing items assessable to duty at preferential rates).	2,03·59	1,47·47	1,72·50	1,58·00	1,65·00	1,75·00
(c) Wines	12·91	11·28	12·92	14·00	14·00	14·00
Molasses	10·50	10·00	8·88	4·00	1·40	1·50
Tobacco, manufactured	1,02·50	65·41	83·80	50·00	28·00	50·00
Coal, coke and patent fuel	·91	·36	·32	·25	·40	·25
Tin, block	6·59	6·40	7·25	7·25	6·00	6·00
{ Kerosene	1,50·25	1,79·98	1,45·35	1,50·00	1,25·00	1,25·00
Oils . { Motor spirit	32·32	67·12	29·09	40·00	10·00	10·00
{ Other mineral oils (ex- cluding lubricating oils.)	18·80	20·67	23·20	24·00	24·00	20·00
Cotton, raw	..	23·10	55·92	62·00	35·00	45·00

	Accounts, 1930-31.	Accounts, 1931-32.	Accounts, 1932-33.	1933-34.		Budget, 1934-35.
				Budget.	Revised.	
REVENUE—contd.						
SEA CUSTOMS—contd.						
IMPORTS—contd.						
<i>Non-protective Special Duties—contd.</i>						
Boots and shoes other than those of leather	..	11.53	27.82	25.00	25.00	30.00
Arms, ammunition and military stores other than firearms, cartridge cases, gunpowder and other arms assessable to duty at 30 per cent. <i>ad valorem</i>	5.12	6.96	4.17	.50	.17	.18
Silver bullion, coin, sheets and plates not manufactured	2,83.84	93.58	7.56	25.00	1.00	5.00
Artificial silk yarn and thread	6.03	11.47	17.14	20.00	14.00	15.00
Cotton yarn and thread	30.09	37.22	54.87	48.00	40.00	45.00
Artificial silk piece-goods, other than fents of not more than nine yards in length	..	..	..	90.00	70.00	70.00
Silk and artificial silk mixtures	5.26	17.53	47.04	45.00	42.00	42.00
Other articles	5.09	12.38	6.40	6.00	9.00	10.00
<i>Duty at 2½ per cent.</i>						
Vinegar and other articles	.20	.16	.1	.10	.25	.25
<i>Duty at 10 per cent.</i>						
Dyes and colours	..	11.05	17.24	20.00	24.00	24.00
Machinery	..	52.80	1,13.33	1,15.00	1,32.00	1,00.00
Railway plant and rolling stock	16.27	10.85	7.12	6.00	9.00	9.00
Other articles	.58	1.05	.73	.75	1.00	1.00
<i>Duty at 15 per cent.</i>						
Articles of food and drink (excluding sugar, vinegar and grain and pulse but including flour, other than wheat flour), if not liable to preferential rates of duty	1,42.25	1,14.46	1,12.66	56.00	36.00	40.00
Raw materials and articles mainly unmanufactured other than metallic ores, if not liable to preferential rates of duty	57.73	71.18	1,08.17	44.00	55.00	60.00
<i>Articles wholly or mainly manufactured—</i>						
(a) Cutlery and hardware, other than electroplated ware, and implements and instruments other than musical, if not liable to preferential rates of duty	1,11.18	1,20.46	1,41.61	7.00	8.00	8.00
(b) Metals, other than Iron and Steel, if not liable to preferential rates of duty	66.08	62.17	91.53	10.00	8.00	8.00
(c) Yarn and textile fabrics (including short fents of cotton cloth, but excluding artificial silk yarn, cotton yarn and silk and artificial silk manufactures), if not liable to preferential rates of duty	98.54	1,10.80	1,36.05	95.00	75.00	1,00.00
(d) All other articles wholly or mainly manufactured, if not liable to preferential rates of duty	3,42.88	3,78.76	4,39.88	1,80.00	1,32.00	1,42.00
Miscellaneous, if not liable to preferential rates of duty	55.88	62.67	66.19	34.00	55.00	55.00
<i>Duty at 50 per cent.</i>						
Silk piece-goods and manufactures of silk or artificial silk, not otherwise specified	50.16	1,07.49	2,55.25	1,60.00	1,20.00	1,20.00
Cinematograph films exposed	..	5.29	6.76	7.00	9.00	8.00
Other articles	47.31	58.66	73.69	61.00	52.00	55.00

	Accounts, 1930-31.	Accounts, 1931-32.	Accounts, 1932-33.	1933-34.		Budget, 1934-35.
				Budget.	Revised.	
REVENUE—contd.						
SEA CUSTOMS—contd.						
IMPORTS—contd.						
Protective Special Duties.						
Heavy Chemicals	..	2·65	4·48	4·00	·15	·15
Iron and Steel	1,43·89	1,15·75	1,09·75	1,10·00	85·00	70·00
(a) Liable to additional duties						
(b) Not liable to additional duties						
Silver wire, thread and other manufactures	5·63	6·25	8·33	8·00	5·00	5·00
Paper and Stationery	21·32	20·35	21·19	21·00	25·00	25·00
Sugar and Sugarcandy excluding confectionery	10,68·47	8,00·07	6,84·79	6,10·00	5,00·00	2,05·00
Cotton piece-goods	3,73·46	3,70·83	6,52·64	6,10·00	4,40·00	4,25·00
Matches, match-splints and veneers	3·75	1·08	·41	..	·25	·25
Wood pulp	..	·19	8·80	8·00	12·00	12·00
Duty at 30 per cent. or preferential duty at 20 per cent.						
Articles of food and drink	..	..	..	75·00	60·00	65·00
Raw materials and articles mainly unmanufactured	..	..	..	29·00	26·00	30·00
Articles wholly or mainly manufactured—						
Cutlery, hardware, implements and instruments	..	..	..	1,43·00	1,28·00	1,47·00
Metals other than Iron and Steel	..	..	..	90·00	62·00	62·00
Haberdashery and Millinery (other than those made of wool or of silk or artificial silk or mixtures thereof) and woollen yarn for weaving and knitting,	..	..	..	25·00	15·00	15·00
All other articles wholly or mainly manufacture	..	..	..	2,35·00	2,08·00	2,20·00
Pneumatic rubber tyres and tubes	30·82	34·12	37·57	40·00	32·00	34·00
Miscellaneous	..	..	..	31·00	52·00	52·00
Duty at special rates or preferential duty at lower rates.						
Confectionery	6·57	8·25	7·35	10·00	7·00	7·00
Ale and beer	..	..	..	34·00	34·00	35·00
Rum, bitters and perfumed and medicinal spirits	..	..	..	17·00	16·00	17·00
Spices, unground	..	21·27	17·68	19·00	17·00	17·00
Tea	7·88	11·49	11·45	8·00	16·00	17·00
Tobacco, unmanufactured	24·10	40·71	99·96	70·00	55·00	70·00
Lubricating oils	10·52	10·59	11·11	12·00	13·00	12·00
Motor cars and parts thereof	72·31	63·20	64·66	63·00	75·00	80·00
Motor Omnibuses, chassis, vans and lorries and parts thereof	..	..	..	18·00	16·00	18·00
Electric lighting bulbs	..	7·41	18·06	16·00	15·00	16·00

	Accounts, 1930-31.	Accounts, 1931-32.	Accounts, 1932-33.	1933-34.		Budget, 1934-35.
				Budget.	Revised.	
REVENUE— <i>concl.</i> SEA CUSTOMS— <i>concl.</i> IMPORTS— <i>concl.</i> <i>Duty at special rates or preferential duty at lower rates—contd.</i>						
Cinematograph films, not exposed .	...	2·84	2·72	5·00	3·00	3·00
Smokers' requisites	1·15	1·00	1·14	2·00	2·00	2·00
Toys, games and sports goods .	14·61	16·03	23·69	26·00	26·00	27·00
Wireless reception instruments and apparatus	56	1·04	2·65	2·25	3·00	3·00
Metals—Iron and Steel	35·28	33·41	30·74	30·50	35·00	40·00
Portland cement excluding white Portland cement	10·00	10·43	11·61	12·00	10·00	11·00
Betelnuts	...	59·40	57·64	57·00	57·00	58·00
Other articles	...	...	...	89·00	1,15·00	1,20·00
Government Stores. Articles liable to protective duties— (a) Liable to addi- tional duties (b) Not liable to addi- tional duties	63·82	45·98	33·46	30·00	23·00	22·00
Iron and Steel						
Paper and Stationery						
Railway plant and rolling stock (non-protective)						
Others						
TOTAL IMPORTS	37,29·49	36,07·89	41,90·39	41,22·00	35,20·05	33,48·90
Export duties— (a) Skins, raw (b) Jute (raw and manufac- tured) (c) Rice (d) Government Stores	24·80 3,44·28 90·61 ...	20·23 3,10·01 95·28 ...	14·07 3,07·47 75·75 ...	14·00 3,00·00 75·00 ...	19·00 3,80·00 75·00 ...	15·00 3,80·00 75·00 ...
TOTAL EXPORTS	4,59·69	4,25·52	3,97·20	3,89·00	4,54·00	4,70·00
Sea Customs—Miscellaneous . . .	9·77	7·38	6·96	7·00	8·00	8·00
Land Customs	1,51·10	1,07·55	61·62	70·00	1,00·00	35·00
Excise Duty on Motor Spirit . .	2,68·33	3,47·61	3,93·69	3,90·00	4,65·00	4,70·00
Excise Duty on Kerosene . . .	1,43·61	2,48·43	2,76·52	2,70·00	2,80·00	2,95·00
Excise Duty on Silver	16·60	22·93	76	...	03	03
Excise Duty on Sugar	...	...	...	...	...	1,47·00
Excise Duty on Matches	...	...	...	...	...	1,38·00
Warehouse and wharf rents and Miscellaneous	5·49	4·46	4·39	4·00	8·97	3·97
TOTAL RECEIPTS	47,84·28	47,71·77	53,31·62	52,62·60	48,31·05	49,15·90
Deduct—Refunds	1,03·52	1,28·10	1,36·45	1,28·00	1,44·05	1,39·90
NET TOTAL REVENUE	46,80·76	46,43·67	51,95·17	51,24·60	46,87·00	47,76·00
EXPENDITURE. India England Exchange	91·70 1·67 02	88·10 2·39 01	91·31 1·64 01	96·17 1·48 ...	97·56 1·53 01	98·95 1·03 ...
Total	93·39	90·50	92·94	97·60	100·08	1,00·58

12. The revised estimate of net customs revenue (*i.e.*, gross revenue less refunds) is 4,38 less than the budget for the year. The worseness is the result of variations under a number of tariff heads of which the more important are the following :

	Revised better + worse — than original budget.
(1) <i>Non-protective special duties—</i>	
Liquors	+7
Tabacco, manufactured	—22
Cotton, raw	—27
Silver bullion	—24
Cotton yarn and thread	—8
Silk and artificial silk piece-goods and mixtures	—23
(2) Machinery (10 per cent. duty)	+17
(3) <i>15 per cent. duties—</i>	
Articles of food and drink	—20
Raw materials, etc.	+11
Articles wholly or mainly manufactured	—69
Miscellaneous	+21
(4) Silk piece-goods, etc. (30 per cent. duty)	—40
(5) <i>Protective duties—</i>	
Iron and Steel	—25
Sugar	—1,10
Cotton piece-goods	—1,70
(6) Duties at 30 per cent. or preferential duties at 20 per cent.	—85
(7) <i>Duties at special rates or preferential duties at lower rates—</i>	
Tobacco, unmanufactured	—15
Motor cars and parts	+10
(8) Export duties	+65
(9) Excise and import duties on motor spirit and kerosene	+30
(10) Other miscellaneous duties	+55
(11) Refunds of duties	—16
Total	—4,38

13. The budget estimate of net customs revenue for next year includes the following :—

(1) Sugar excise duty	+1,47
(2) Match excise duty	+1,38
(3) Increased receipts from changes in the duty on tobacco	+30
(4) Increased receipts from reduction in silver duty	+4
(5) Abolition of export duty on raw hides	—5
Total	+3,14

Excluding the above items, the budget is less than the current year's revised by 2,25 which is made up as follows :—

Import duty on sugar	—2,95
Import duty on machinery, mainly sugar machinery	—32
Land customs	—65
Increases under other heads on account of assumed improvement in general conditions	+1,67
	—2,25

14. The increase in the revised estimate of expenditure as compared with the original budget is due to larger payments to the Travancore and Cochin Durbars on account of their share of the customs revenue collected at the port of Cochin. The increase in the budget estimate for next year as compared with the revised is mainly due to increments.

TAXES ON INCOME.

	Revenue. (Receipts less re- funds and Pro- vincial Govern- ments' share of Income-tax revenue.)	Expenditure.	Net revenue.
1930-31	16,00.33	74.73	15,25.60
1931-32	17,48.73	73.84	16,74.89
1932-33	17,97.40	77.59	17,19.81
1933-34 { Budget	18,06.00	84.83	17,21.17
{ Revised	17,13.00	82.92	16,30.08
1934-35 Budget	17,25.00	85.03	16,39.97

15. The decrease of 93 in the revised estimate of revenue as compared with the current year's budget occurs mainly in Bombay, Bengal and Burma and is due to depressed trade conditions in 1932-33 on which the assessments of 1933-34 are based.

16. The estimate of revenue for next year assumes slightly better trade conditions this year than in 1932-33 and allows for a small drop on account of the earthquake losses.

17. The saving in the revised estimate of expenditure as compared with the budget is mainly due to some of the appointments being vacant for a portion of the year. The increase in the budget for next year partly corresponds to the saving in the revised and is partly due to increments.

18. The following tables give the usual details :—

	Accounts, 1930-31.	Accounts, 1931-32.	Accounts, 1932-33.	1933-34.		Budget, 1934-35.
				Budget.	Revised.	
REVENUE.						
EXCESS PROFITS DUTY.						
1. Bengal	·01	·01	·01	·01	·01	·01
SUPER-TAX.						
1. India	3·06	2·76	4·37	3·03	3·24	3·06
2. Baluchistan	·14	·16	...	·01	·07	·07
3. Madras	18·04	15·69	13·12	16·00	13·95	13·80
4. Bombay	85·64	91·03	88·59	94·74	87·50	86·00
5. Bengal	2,48·08	1,72·06	1,41·12	1,52·00	1,19·27	1,16·50
6. United Provinces	18·02	18·83	16·11	18·75	23·40	21·00
7. Punjab	4·15	4·99	5·23	2·74	4·21	4·32
8. Burma	57·56	49·14	40·10	40·50	32·00	32·00
9. Bihar and Orissa	11·86	13·31	11·96	17·00	12·82	12·00
10. Central Provinces	3·18	2·93	1·32	3·66	3·25	3·50
11. North-West Frontier Province	·36	·63	·64	·45	·54	·44
12. Assam	2·25	1·84	1·29	1·12	2·60	2·24
TOTAL	4,52·34	3,73·37	3,23·85	3,50·00	3,02·85	2,94·93
INCOME-TAX.						
1. India General—						
Civil	65·81	98·23	1,10·69	1,05·29	95·33	96·64
Non-Civil Departments	71·80	94·06	1,01·58	1,00·50	1,10·50	1,13·50
2. Baluchistan	1·56	2·14	2·01	1·81	2·38	2·33
3. Madras	1,36·38	1,63·23	1,79·44	1,91·20	1,88·48	1,75·23
4. Bombay	3,04·84	3,77·08	4,33·37	4,47·95	4,36·73	4,36·95
5. Bengal	3,68·48	3,42·45	3,42·78	3,07·00	3,07·73	3,15·00
6. United Provinces	74·52	94·45	1,06·21	1,01·75	1,04·24	1,03·75
7. Punjab	58·44	75·28	87·39	86·00	82·20	82·45
8. Burma	1,40·95	1,56·51	1,43·46	1,40·00	1,24·47	1,31·97
9. Bihar and Orissa	44·69	56·84	60·02	69·92	69·28	72·80
10. Central Provinces	87·74	45·66	41·66	47·36	43·33	43·50
11. North-West Frontier Province	8·30	11·42	11·81	12·26	11·81	12·16
12. Assam	18·66	20·19	20·63	20·47	21·96	23·21
13. Coorg	·31	·29	·83	·26	·81	·80
TOTAL	13,31·98	15,37·91	16,41·88	16,32·67	15,98·75	16,03·73

	Accounts, 1930-31.	Accounts, 1931-32.	Accounts, 1932-33.	1933-34.		Budget, 1934-35.
				Budget.	Revised.	
REVENUE—contd.						
MISCELLANEOUS.						
1. India	·01	·01	..	..	..	..
2. Baluchistan	..	..	..	..	·01	..
3. Madras	·03	·03	·03	·03	·03	·03
4. Bombay	·12	·07	·01	·05	·01	·05
5. Bengal	—	·01.	..	·02	·02	·02
6. United Provinces	·09	·16	·21	..	·25	·25
7. Punjab	·03	·09	·05	·04	·04	·04
8. Burma	·50	·25	·25	·02	·08	·02
9. Bihar and Orissa	·03	·02	·05	·07	·04	·05
10. Central Provinces	·09	·04	·04	·08	·08	·05
11. North-West Frontier Province .	..	..	..	·01	·07	·06
TOTAL .	·89	·68	·64	·32	·63	·57
Total Receipts from Taxes on Income	17,65·22	19,11·07	19,65·88	19,63·00	19,02·24	19,05·30
Deduct—Refunds	1,54·25	1,55·02	1,65·57	1,70·00	1,86·09	1,77·00
Deduct—Shares of Provincial Govern- ments in Income-tax revenue under the Devolution Rules .	30·64	8·22	2·91	7·00	3·15	3·30
Net Total Revenue of the Central Government	16,00·33	17,48·73	17,97·40	18,06·00	17,13·00	17,25·00
EXPENDITURE.						
India	73·73	73·86	76·91	83·60	81·44	84·25
England	·99	·56	·68	1·23	1·48	·78
Exchange	·01	·01	..	..	..	..
TOTAL .	74·73	73·84	77·59	84·83	82·92	85·03
Distributed as follows :—						
Payments to Provincial Govern- ments	·30	·25	·25	·23	·25	·27
Direct expenditure of Central Government	74·83	73·59	77·84	84·60	82·67	84·76

19. Figures of Income-tax revenue payable to Provincial Governments are shown below :—

—	Accounts, 1930-31.	Accounts, 1931-32.	Accounts, 1932-33.	1933-34.		Budget, 1934-35.
				Budget.	Revised.	
Madras . . .	6.75	..	..	..	..	..
United Provinces	1.40	..	..	..	..	..
Punjab . . .	2.00	..	..	..	..	..
Burma . . .	10.36	3.59	..	..	..	..
Bihar and Orissa	3.14	2.13	1.22	4.17	1.25	1.25
Central Provinces	2.65	.08	..	..	..	..
Assam . . .	4.34	2.42	1.60	2.83	1.90	2.05
TOTAL .	30.64	8.22	2.91	7.00	3.15	3.30

SALT.

		Revenue (Receipts <i>less</i> Refunds and Provin- cial Share).	Expenditure (including Capital Expenditure charged to Revenue).	Net Revenue.
1930-31	. . .	6,83.22	1,26.40	5,56.82
1931-32	. . .	8,57.92	1,15.71	7,42.21
1932-33	. . .	10,07.36	1,13.43	8,93.93
1933-34	{ Budget	8,75.00	1,16.96	7,58.04
	{ Revised	8,55.00	1,15.13	7,39.87
1934-35	Budget	8,73.00	1,16.27	7,56.73

20. The relevant details are given below :—

	Accounts, 1930-31.	Accounts, 1931-32.	Accounts, 1932-33.	1933-34.		Budget, 1934-35.
				Budget.	Revised.	
REVENUE.						
Northern India (a)	1,44·29	1,84·84	2,82·38	2,50·84	2,29·28	2,51·19
Madras(a)	1,42·87	1,81·85	2,04·19	1,77·28	1,79·59	1,75·48
Bombay (a)	1,60·95	2,08·56	2,14·08	1,62·79	1,79·63	1,80·92
Bengal(b)	2,08·92	2,61·51	2,92·71	2,67·97	2,44·50	2,45·05
Burma (b)	33·40	41·32	45·10	43·56	43·21	43·58
Bihar and Orissa	..	..	..	·01	..	..
Assam	..	..	..	..	..	..
TOTAL RECEIPTS	6,90·52	8,78·03	10,38·46	9,02·45	8,76·21	8,96·22
Deduct—Refunds	7·30	6·17	16·18	10·65	14·02	14·32
Deduct—Provincial Share	..	13·99	14·92	16·60	7·19	3·90
TOTAL REVENUE	6,83·22	8,57·92	10,07·36	8,75·00	8,55·00	8,73·00
EXPENDITURE.						
Cost of salt purchased by Govern- ment	9·33	7·85	7·18	7·40	6·93	6·52
Assignments and compensations	39·13	36·39	38·98	39·39	40·07	40·05
Interest	4·19	4·18	4·21	4·34	4·20	4·21
Depreciation	2·63	2·51	2·43	2·42	2·26	2·31
Other charges	70·13	63·66	58·08	60·79	59·91	61·52
Expenditure on retrenched personnel	..	·05	·07	·03	·05	·01
Capital outlay on salt works	—·02	·03	1·91	1·76	·75	1·19
Total India	1,25·39	1,14·67	1,12·86	1,16·13	1,14·17	1,15·81
England	1·00	1·03	·57	·83	·96	·46
Exchange	·01	·01	..	..	..	..
TOTAL	1,26·40	1,15·71	1,13·43	1,16·96	1,15·13	1,16·27

(a) Chiefly excise on local manufacture.

(b) Chiefly duty on imported salt.

21. The budget estimate for the current year assumed a total consumption of 5,19 lakhs of maunds of salt. The figures of actual consumption till the end of December 1933 indicate that the total consumption during the year is not likely to exceed 5,10 lakhs of maunds. This accounts for the decrease in the revised estimate of revenue as compared with the budget.

22. The estimate for next year is based on a consumption of 5,20 lakhs of maunds of salt.

23. The figures of salt consumption are given below for the last five years.

	In lakhs of maunds.
1928-29	5,35
1929-30	5,40
1930-31	5,23
1931-32	5,39
1932-33	5,15
1933-34 (Estimate)	5,10
1934-35 (Estimate)	5,20

24. Figures of Provincial Governments' shares of Salt Revenue on account of additional duty on Foreign Salt under the Salt (Additional Import Duty) Acts, are given below :—

	Accounts, 1931-32.	Accounts, 1932-33.	1933-34.		Budget, 1934-35.
			Budget.	Revised.	
Madras	..	..	..	..	..
Bombay	·17	·19	·21	·09	·12
Bengal	5·37	6·04	6·58	2·91	3·60
United Provinces	·08	·10	·10	·05	·06
Burma	4·89	4·66	5·60	2·25	2·78
Bihar and Orissa	2·83	3·19	3·51	1·54	1·90
Central Provinces	·01	·01	·01	..	·01
Assam	·64	·73	·79	·35	·43
Total	13·99	14·92	16·80	7·19	8·90

OPIUM.

		Provision and medical opium.	Excise opium and mis- cellaneous (less refunds).	Total revenue (Receipts less refunds).	Purchase of opium.	Other charges.	Total expendi- ture.	Net revenue.
1930-31	.	1,81.40	71.87	2,53.27	63.49	10.87	74.36	1,78.91
1931-32	.	1,56.70	50.71	2,07.41	70.34	9.43	79.77	1,27.64
1932-33	.	43.02	46.84	89.86	76.86	7.01	83.87	5.99
1933-34	Budget	72.71	47.34	1,20.05	49.83	7.53	57.36	62.69
	Revised	1,12.06	45.69	1,58.65	64.27	7.52	71.59	87.06
1934-35	Budget	50.12	44.95	95.07	35.57	6.71	42.28	52.79

25. The revenue from opium is derived mainly from exports of what is called provision opium to foreign countries. The rest is sold at roughly cost price to Provincial Governments as excise opium for internal consumption in India and is retailed by them to licensed vendors at rates fixed by them and varying from province to province. Opium is exported to foreign countries only after the prescribed import certificate from the Government of the importing country is produced. The entire quantity is now dealt with under the system of direct sales to Foreign and Colonial Governments, the old auction sales in Calcutta to traders for export to foreign countries having been stopped with effect from the 7th April 1926.

26. It was assumed in the budget for the current year that 1,799 chests of provision opium would be exported during 1933-34. It is now expected that 2,094 chests will be exported during the period April to December 1933 and 728 during January to March 1934. This increase of 1,023 chests will yield an additional revenue of about 41 lakhs during the current year. It is assumed that the exports of provision opium during 1934-35 will amount to 1,251 chests made up of 628 chests out of the quota for 1934 and 623 chests out of the quota for 1935. An anticipated reduction of 1,571 chests in the exports next year accounts for the worseness in revenue in the next year's budget.

27. The fall in the revenue from excise opium and miscellaneous receipts in the revised estimate as compared with the budget reflects reduced demand from local Governments, set off to a small extent by the inclusion of the provision for sale of opium alkaloids in England formerly credited to "Medical opium". The budget figure for next year is based upon the revised estimate for the current year.

28. There has been an increase in the current year's expenditure of about 14 under purchase of opium wholly due to excess outturn in Malwa and the United Provinces. The budget provision for the purchase of opium during the next year has been based upon reduced cultivation and a normal crop outturn.

OTHER PRINCIPAL HEADS OF REVENUE AND DIRECT DEMANDS ON THE REVENUE.

		Revenue.	Expenditure (including capital expenditure).	Net revenue.
1930-31		2,03·22	64·19	1,39·03
1931-32		2,19·24	58·42	1,60·82
1932-33		1,84·85	58·21	1,26·64
1933-34	{ Budget	1,89·93	61·53	1,28·40
	{ Revised	1,86·07	60·12	1,25·95
1934-35	Budget	1,81·81	58·09	1,23·72

29. These heads comprise Land Revenue, Excise, Stamps, Forest, Registration and Payments from Indian States. The decrease in the revised estimate of revenue is mainly due to a fall of 7 under stamps on account of reduced demand for the products of the Security Printing Press partly counter-balanced by certain arrear recoveries. The budget estimate for next year follows the revised, after allowing for the arrear recoveries. The decrease in the expenditure estimates for next year occurs mainly under the Security Printing Press.

IRRIGATION.

		Revenue (Receipts <i>less</i> Working expenses).	Expenditure (including Capital expenditure charged to Revenue).	Net expenditure.
1930-31		4·83	35·56	30·73
1931-32		12·79	21·51	8·72
1932-33		1·64	5·40	3·76
1933-34	{ Budget	—·14	4·74	4·88
	{ Revised	—·12	3·85	3·97
1934-35	Budget	·03	5·95	5·92

30. The saving in the revised as compared with the current budget is mainly due to certain charges provided for under this head being correctly debitable to another head. The budget estimate for next year includes about 2 on account of the storm water control scheme in Quetta.

POSTS AND TELEGRAPHS.

	Accounts, 1930-31.	Accounts, 1931-32.	Accounts, 1932-33.	1933-34.		Budget, 1934-35.
				Budget.	Revised.	
INDIAN POSTS AND TELE- GRAPHIS DEPARTMENT.						
GROSS RECEIPTS	10,77·66	10,64·60	10,55·40	10,81·34	10,75·74	10,71·26
WORKING EXPENSES—						
India	11,27·52	10,71·41	10,04·46	10,42·46	10,35·46	9,92·80
England	7·61	9·49	11·78	8·47	8·67	8·68
Exchange	·10	·04	—·03	..	—·02	..
TOTAL	11,35·23	10,80·94	10,16·21	10,50·93	10,44·11	10,01·48
NET RECEIPTS	—57·37	—16·34	39·19	30·41	31·63	69·78
EXPENDITURE CHARGED TO REVE- NUCE—						
Interest	76·12	77·61	81·08	87·61	83·35	84·25
NET REVENUE	—1,33·49	—93·85	—41·89	—57·20	—51·72	—14·47
CAPITAL OUTLAY CHARGED TO RE- VENUE—						
India	13·06	10·82	4·56	3·61	3·71	4·07
England	..	..	..	..	..	..
Exchange	..	..	..	..	..	..
TOTAL	13·06	10·82	4·56	3·61	3·71	4·07
CAPITAL OUTLAY NOT CHARGED TO REVENUE—						
India	53·62	29·50	14·82	15·80	15·67	39·70
England	·88	·45	..	..	·02	..
Exchange	·01	..	..	..	..	..
TOTAL	54·51	29·95	14·82	15·80	15·69	39·70
INDO-EUROPEAN TELEGRAPH DEPARTMENT.						
GROSS RECEIPTS—						
India	9·47	..	..	..	..	..
England	11·92	..	..	..	..	..
Exchange	·16	..	..	..	..	..
TOTAL	21·55	..	..	..	..	..
WORKING EXPENSES—						
India	23·15	..	..	..	..	..
England	1·32	..	..	..	..	..
Exchange	·02	..	..	..	..	..
TOTAL	24·49	..	..	..	..	..
NET RECEIPTS	—3·94	..	..	..	..	..

	Accounts, 1930-31.	Accounts, 1931-32.	Accounts, 1932-33.	1933-34.		Budget, 1934-35.
				Budget.	Revised.	
INDO-EUROPEAN TELEGRAPH DEPARTMENT—contd.						
EXPENDITURE CHARGED TO RE- VENUE—						
Interest	6.09	..	..	..	..	..
NET REVENUE	—9.03	..	..	..	..	..
CAPITAL OUTLAY CHARGED TO REVENUE—						
India	—28	—62.95	..	..	..	..
England	.04	..	..	..	..	..
Exchange	..	..	..	..	..	..
TOTAL	—22	—62.95	..	..	..	..
CAPITAL OUTLAY NOT CHARGED TO REVENUE—						
India	—1.07	54.65	..	..	..	..
England	—50.53	3.23	..	..	..	..
Exchange	—59	.04	..	..	..	..
TOTAL	—58.10	57.97	..	..	..	..

The Indo-European Telegraph Department as such has ceased to exist from the 1st March 1931. The figures in 1931-32 represent adjustments connected with the final winding up of the Department.

31. The loss on the working of the Indian Posts and Telegraphs Department during the current year was estimated at 57 in the original budget. It is now anticipated that the loss will be 52, i.e., 5 less than the budget estimate. This improvement is due to a decrease of 11 under expenditure partly counterbalanced by a fall of 6 under receipts. The decrease under expenditure is made up of a saving of 7 due to larger savings from retrenchment measures and of 4 under interest due partly to a fall in the rate of interest and partly to a decrease in the progressive total loss on the working of the Department occasioned by the rectification of a previous error.

32. The budget estimate of gross receipts for 1934-35 is 10.71 being 5 less than the revised estimate. The decrease is due to the anticipated loss consequent on the reorganisation of certain inland postal rates, and charges for inland telegrams. The gross decrease in revenue due to these changes is estimated at 27 which is partly counterbalanced by an increase of 22 under other heads.

The changes in the rates are :—

I. *Postal.*—(i) The maximum initial weight for inland letters is to be reduced to $\frac{1}{2}$ a tola and initial postage to one anna. The subsequent stages of the letter tariff will remain unchanged.

(ii) The extra charge of 1 pie per embossed inland envelope will be remitted.

(iii) The initial postage on inland book packets not exceeding 5 tolas in weight will be raised to 9 pies.

II. *Telegrams.*—The minimum charge for an ordinary telegram of 8 words will be 9 annas while that for an express telegram of the same length will be Rs. 1-2-0. For each additional word the additional charge will be the same as now, viz., 1 and 2 annas respectively.

With effect from 1st April 1934 stamps of the $\frac{1}{2}$ anna, 1 anna, 2 annas and 4 annas denominations will cease to be unified for revenue purposes except in Burma. As a result the assignment from Posts and Telegraphs to Civil Departments will be reduced to 5. The reduction in the assignment will lead to a reduction in the gross sales of stamps.

33. The decrease of 42 in the budget estimate of working expenses for 1934-35 as compared with the revised, is made up as follows :—

Contribution to the Depreciation Fund	—35
Credits for services rendered to other Departments	—2
Payments to retrenched personnel	—10
Economies and other items	—7
Annual increments	+12
Net	—42

34. The annual profit or loss in the working of the Department as shown in the accounts and estimates since it was commercialised is given below :—

	Current. Loss—	Progressive. Profit +.
1925-26	+37·03	+37·03
1926-27	+10·25	+47·28
1927-28	—26·15	+21·13
1928-29	—53·83	—32·70
1929-30	—62·45	—95·15
1930-31	—1,33·49	—2,28·64
1931-32	—93·85	—1,61·10
1932-33	—41·89	—2,02·99
1933-34 (Revised)	—51·72	—2,54·71
1934-35 (Budget)	—14·47	—2,69·18

As a result of the acceptance by Government of certain recommendations of the Posts and Telegraphs Accounts Enquiry Committee, the total progressive loss, arising out of the commercial activities of the department, as shown in the accounts, up to the end of the year 1930-31, was reduced by 1,61·39. The figures of the progressive loss at end of 1931-32 and subsequent years have been corrected accordingly.

INTEREST RECEIPTS.

	Accounts, 1932-33.	Budget, 1933-34.	Revised, 1933-34.	Budget, 1934-35.
India				
{ Interest on loans and advances	96·24	1,04·62	1,04·83	1,09·05
{ Other items	1·72	2·21	2·92	3·97
England				
{ Interest on temporary investment of cash balances, etc.	26·13	15·17	12·52	13·23
{ Excess over £40 millions in the Gold Standard Reserve	63·70	60·00	38·80	60·00
Transfer from Gold Standard Reserve Revenue Equalisation Fund	—16	—	—09	—
Exchange	—	—	—	—
TOTAL	1,87·63	1,82·00	1,58·98	1,83·25

35. The variations in the estimates of the interest on investment of cash-balances in England are due to the fact that the amount of the interest-earning balance can be foreseen for a portion only of the period covered by the estimates. The fall in the revised estimates under the head "Excess over £40 million in the Gold Standard Reserve" is mainly due to a fall in interest rates. The increase in 1934-35 is due to anticipated additions to the interest-earning portion of the Reserve held in England.

INTEREST PAYMENTS.

	Accounts, 1932-33.	Budget, 1933-34.	Revised, 1933-34.	Budget, 1934-35.
<i>Interest on Ordinary Debt</i>				
Gross payments—				
India	23,33·72	22,06·82	20,63·57	20,13·90
England	20,28·60	20,27·88	19,69·39	19,63·47
Exchange	—5·98	..	—3·41	..
Total	<u>43,56·34</u>	<u>42,34·70</u>	<u>40,29·55</u>	<u>39,77·37</u>
<i>Deduct—Amounts charged to—</i>				
Railways	31,56·99	31,63·29	31,11·45	30,81·17
Irrigation	2·57	2·79	2·54	2·50
Posts and Telegraphs	82·56	89·08	84·83	85·74
Other heads	24·92	27·48	25·00	8·94
Provincial Loans Fund	8,01·34	8,36·00	8,06·00	8,00·00
Total deductions	<u>40,68·38</u>	<u>41,18·64</u>	<u>40,29·82</u>	<u>39,78·35</u>
Net	<u>2,87·96</u>	<u>1,16·06</u>	<u>—·27</u>	<u>—·98</u>
<i>Interest on other Obligations—</i>				
Bonus on Post Office Cash Certificates	2,20·00	2,55·00	2,60·00	3,10·00
Post Office Savings Bank Deposits	1,15·37	1,29·49	1,20·42	1,41·32
Provident Funds	3,38·62	3,76·57	3,76·11	3,86·32
Service Funds	13·22	13·92	13·26	13·74
Fixed Deposits of Provin- cial Governments	5·73	5·22	10·78	5·50
Famine Relief Fund	13·07	10·56	9·61	9·39
Railway Depreciation Fund	72·77	73·25	64·35	60·75
Posts and Telegraphs Depre- ciation Fund	13·66	16·16	15·39	16·61
Other items	80·99	82·56	87·33	90·90
Total	<u>8,73·43</u>	<u>9,62·73</u>	<u>9,66·25</u>	<u>10,34·53</u>
Total Interest payments	<u>11,61·39</u>	<u>10,78·79</u>	<u>9,95·98</u>	<u>10,33·55</u>

Interest on Ordinary Debt.

36. Details of payments of Interest on Ordinary Debt will be found in the volume of Demands for Grants. The payments are, as usual, affected by the nature and extent of the ways and means operations, and are broadly summarised below :—

<i>India.</i>			
	Budget, 1933-34.	Revised, 1933-34.	Budget, 1934-35.
(i) Service of new rupee loan	40.00	55.00	..
(ii) Management of Debt	8.15	8.09	7.90
(iii) Discount on Treasury Bills—			
(a) Paper Currency Reserve	1,03.45	54.00	36.00
(b) Public	98.17	42.32	69.10
(iv) Discount and premium written off to revenue	74.68	76.56	89.06
(v) Interest on temporary loans	..	8.00	..
(vi) Interest on all other loans	18,80.05	18,16.42	18,11.59
(vii) Other items	2.32	3.18	.25
	22,06.82	20,63.57	20,13.90

<i>England.</i>			
(i) Interest on War Loan liability	87.84	..	57.72
(ii) Interest on loans contracted in England	15,50.94	15,49.71	15,40.32
(iii) Interest on Railway annuities	2,23.99	2,23.99	2,16.04
(iv) Interest on outstanding liabilities of railway companies taken over on purchase	1,34.43	1,34.43	1,34.43
(v) Management of Debt	27.36	58.66	13.00
(vi) Other items	3.32	2.60	1.96
	20,27.88	19,69.39	19,63.47

37. The Indian estimates assumed the following figures for Treasury Bills outstanding :—

	1st April 1933.	31st March 1934.	31st March 1935.
Bills outstanding with the public	26,09	30,00	30,00
Bills in the Paper Currency Reserve . . .	35,48	17,75	17,75

38. The absence of provision under item (i) in India and the decreases under item (vi) in India and (v) and (vi) in England in the budget estimate for next year are due to the fact that new loans need not necessarily be raised next year to meet our maturing liabilities. The variations under head (iii) in India are mainly due to the variations in the amount of Treasury Bills outstanding.

39. The revised estimate includes no provision under item (2) in England for interest on the outstanding liability in respect of the British war loan, as His Majesty's Government have agreed to postpone payment of instalments of interest due in June and December 1933 and June 1934. The budget estimate for next year on this account represents half year's interest due on 1st December 1934 *plus* an instalment for the repayment of arrear interest by equated payments ending 1952 to cover principal and interest.

Interest on other Obligations.

40. The increase in the budget estimate for next year is mainly due to larger provision required for bonus on post office cash certificates (50) and to smaller increases under other heads. Interest on provident fund balances is calculated at $5\frac{1}{2}$ per cent. per annum in revised and $5\frac{1}{4}$ in budget. Interest on depreciation and reserve fund balances is calculated at 5.35 per cent. in current year and 5.20 in next which are the rates assumed in the estimates for the calculation of interest chargeable to commercial departments on advances for capital outlay.

41. The total net interest charges have varied as follows since 1923-24 :—

[illegible]

42. The following table shows the provision made from year to year in respect of the liability for bonus payments on postal cash certificates :—

Year.	Balance held at close of the year on account of cash certificates.	Bonus paid or provided for from revenue.
1923-24	8,42	28
1924-25	13,12	16
1925-26	20,96	16
1926-27	26,68	16
1927-28	30,70	23
1928-29	32,30	60
1929-30	35,00	73
1930-31	38,43	2,00
1931-32	44,58	2,06
1932-33	55,64	2,20
1933-34	63,44	2,60
1934-35	68,94	3,10

APPROPRIATION FOR REDUCTION OR AVOIDANCE OF DEBT.

43. As has been explained by the Hon'ble Finance Member in his Budget Speech, 3,00 is being provided in the estimates for the current year and next year for the reduction or avoidance of debt. This compares with amounts of 6,89·11 and 7,08·51 which would have been provided in the two years had the scheme of debt redemption previously in force been continued.

44. The provision of 3,00 will cover the following specific items :—

	Revised, 1933-34.	Budget, 1934-35.
Sinking fund provision for 5 per cent. rupee loans	1,77·71	1,36·71
Railway sinking funds	26·62	26·67
Capital portion of liabilities assumed in respect of British 5 per cent. War Loan 1929-47	..	84·59
A part of the capital portion of Railway annuities	95·67	52·03
TOTAL	3,00·00	3,00·00

45. The sums provided from revenue on this account from year to year are indicated below :—

1923-24	3,62
1924-25	3,78
1925-26	4,97
1926-27	4,97
1927-28	5,04
1928-29	5,42
1929-30	5,74
1930-31	6,14
1931-32	6,89
1932-33	6,84
1933-34	3,00
1934-35	3,00

CIVIL ADMINISTRATION.

	Revenue.	Expenditure.	Net expenditure.
1930-31	96·87	13,33·80	12,36·93
1931-32	94·45	12,17·55	11,23·10
1932-33	86·68	9,68·79	8,82·11
1933-34 { Budget	82·62	9,59·22	8,76·60
{ Revised	77·49	9,58·69	8,81·20
1934-35 Budget	78·28	9,58·62	8,80·34

46. The decrease in the revised estimate of revenue as compared with the current budget is due partly to refund of fees (1·41) collected in excess of expenditure last year for the fumigation of American cotton and partly to reduction of rates for the products of the Veterinary Institute.

47. The budget estimate of expenditure is lower than the revised in spite of the fact that it includes certain new items such as additional expenditure on Civil Aviation, Broadcasting etc., and 6 on account of increments.

CURRENCY AND MINT.

	Revenue.	Expenditure.	Net revenue.
1930-31	1,24·30	96·96	27·34
1931-32	1,78·62	76·09	1,02·53
1932-33	2,30·63	65·67	1,64·96
1933-34 { Budget	1,74·68	64·19	1,10·49
{ Revised	1,23·35	60·89	62·46
1934-35 Budget	1,27·02	66·39	60·63

48. The estimates of revenue under this group depend largely upon the transactions connected with the securities in the Paper Currency Reserve and are subject to wide fluctuations. The receipts on account of the profit on note circulation included in the estimates are :

	Revised, 1933-34.	Budget, 1934-35.
(i) Interest on rupee securities	11·48	14·10
(ii) Interest on sterling securities	..	15·96
(iii) Discount on treasury bills issued to the Paper Currency Reserve	54·00	36·00
(iv) Interest on loans against internal bills of exchange or on the issue of currency against Government securities purchas- ed temporarily from the Imperial Bank of India and placed in the Reserve	..	6·00
	65·48	72·06

The revised estimate of revenue in the current year includes 39·24 on account of profit on circulation of nickel and bronze coin; the corresponding provision in the budget for next year is 31·52. A small increase in the receipts on account of the Currency Note Press is assumed in the budget for next year owing to anticipated larger demand for notes.

49. The saving in the revised estimate of expenditure as compared with the budget is due to the omission of the provision for loss on coinage as the result of a change in accounting. The increase in the budget for next year is mainly due to larger provision for cost of note forms.

CIVIL WORKS.

50. The grant to the Road Fund which is included for budgetary purposes under Civil Works is shown separately.

Ordinary.

		Revenue.	Expenditure.	Net expenditure.
1930-31	.	27.15	1,64.59	1,37.44
1931-32	.	24.52	1,18.77	94.25
1932-33	.	23.37	75.39	52.02
1933-34	{ Budget	21.55	86.92	65.37
	{ Revised	24.02	89.88	65.86
1934-35	Budget	23.86	83.96	60.10

Appropriation to Road Fund.

1930-31	.	.	.	.	.	.	98.03
1931-32	.	.	.	.	.	.	1,02.01
1932-33	.	.	.	.	.	.	1,01.77
1933-34	{ Budget	.	.	.	.	.	1,07.00
	{ Revised	.	.	.	.	.	1,17.00
1934-35	Budget	.	.	.	.	.	1,18.00

MISCELLANEOUS.

		Revenue.	Expenditure.	Net expenditure.
1930-31	.	95.64	4,30.07	3,34.43
1931-32	.	1,56.91	4,34.15	2,77.24
1932-33	.	93.23	4,23.52	3,30.29
1933-34	{ Budget	57.34	4,11.76	3,54.42
	{ Revised	58.54	4,25.38	3,56.84
1934-35	Budget	56.37	4,31.74	3,75.37

51. The larger Revised Estimate of revenue compared with the Budget is due to gain by exchange. No similar credit on account of gain by exchange has been taken in the Budget for next year as the estimate has, as usual, been framed on the basis of 1s. 6d. the rupee.

52. The increase in the revised estimate of expenditure, as compared with the budget of the current year, mainly represents larger payments of superannuation allowances and pensions. The increased provision in the next year's estimates for the normal growth of the pension list is partly counterbalanced by savings under charges connected with the Reforms.

EXTRAORDINARY ITEMS.

	Accounts, 1932-33.	1933-34.		Budget, 1931-35.
		Budget.	Revised.	
Receipts—				
India	2.03	..	3.00	..
England	.03	..	32.69	..
Exchange	..	..	—06	..
TOTAL	2.06		35.63	..
Payments—				
India	11.81	6.30	1,35.68	2.22
England	4.17	2.44	3.53	.88
Exchange	—03	..	—01	..
TOTAL	15.95	8.74	1,39.20	3.10

53. The revised estimate of revenue in England includes £ 245,025 being the amount of outstanding debt repaid by the Persian Government.

54. The revised estimate of expenditure includes 1,29 being the amount of the current year's surplus to be transferred to the Fund for the reconstruction of earthquake damages.

MISCELLANEOUS ADJUSTMENTS BETWEEN CENTRAL AND PROVINCIAL GOVERNMENTS.

1932-33	Actuals	.	.	.	.	.	.	.	96.05
1933-34	Budget	.	.	.	.	.	.	.	1,00.00
	Revised	.	.	.	.	.	.	.	1,00.00
1934-35	Budget	.	.	.	.	.	.	.	2,52.44

55. With effect from the 18th April 1932, the North-West Frontier Province has been made into a Governor's Province and an annual subvention of 1,00.00 will be given to the Province to cover the revenue deficit. This will remain operative for three years, or until the new constitution for India is inaugurated, whichever is earlier. In addition to this, the budget estimate for next year includes the following :—

(i)	Special subventions to Bengal, Bihar and Orissa and Assam on account of their share of net Jute export duty	1,26.00
(ii)	Special subvention to Burma equivalent to the present proceeds from their Match tax	18.00
(iii)	Special subventions to provinces out of the Sugar excise duty	7.00
(iv)	Reimbursement to the Government of Bengal of the pensionary charges of the Bengal Pilot Service	1.44
		1,52.44

WAYS AND MEANS.

HOME TREASURY.

56. The bulk of the payments made in England on account of the Government of India consist of expenditure chargeable to the Indian revenues and has normally to be met by direct remittance of funds from India. The capital outlay on the construction of railways, however, some times necessitates borrowing and a large portion of the money required has, when necessary, been raised in England, either direct or through the agency of Companies. Operations connected with the Gold Standard and Paper Currency Reserves, and with the replacement of one particular form or item of direct or indirect debt by another, further swell the receipts and charges of the Home Treasury without affecting ordinarily the general ways and means programme. Recoveries are also effected by the Secretary of State against drawings of the Iraq administration on India. These recoveries represent, in effect, remittances from India to finance the Home Treasury and reduce the amount of direct remittances which would otherwise be necessary.

57. The following is a summary of the estimated transactions of the Home Treasury :—

(In millions of £.)

	Budget, 1933-34.	Revised, 1933-34.	Budget, 1934-35.
RECEIPTS.			
1. Discount on loans raised in previous years brought to account as debt incurred .	·32	·33	·35
2. Remittances between England and India—			
(a) Transfers through the Reserves. .	—·37	—23·81	..
(b) Recoveries on account of drawings by Iraq administration on India . .	·60	·57	·55
(c) Sale of silver	·37	3·81	..
(d) Other transactions	·42	·61	—·03
3. Deposits and Advances	—·30	·12	·13
Total Receipts, excluding direct remittances and loans	1·04	—18·37	1·00
DISBURSEMENTS.			
4. Excess of Expenditure of the Central Government over Revenue	26·68	24·42	24·58
5. Disbursements on behalf of Provincial Governments	2·41	2·41	2·37
6. Capital Expenditure not charged to Revenue—			
(a) Outlay on State Railways . . .	·97	·90	1·29
(b) Other items	·01	·01	·01
7. Discharge of Permanent Debt	6·43	14·50	2·60
Total Disbursements	36·50	42·24	30·85
NET DISBURSEMENTS	35·46	60·61	29·85
Remittances from India (net)	21·00	37·50	26·70
New Loan (less discount)	6·00	18·55	2·85
Reduction (+) or increase (—) of cash balance	+8·46	+4·56	+·30
Opening Balance	13·38	9·89	5·33
Closing Balance	4·92	5·33	5·03

58. Item 2 (a) has already been explained in paragraph 56. Normally, item 2 (d) relating to 'Other transactions' is almost entirely made up of recoveries from the Governments of Hong-Kong, the Straits Settlements and Siam in respect of opium supplied from India under agreement, the other indirect remittances to and fro practically balancing one another.

59. The amount shown under the head 'Discharge of Permanent Debt, includes the provision for railway sinking funds and the capital portion of railway annuities. The former of these payments and a portion of the latter are made out of the provision for reduction or avoidance of debt—*vide* paragraph 44.

60. The remittance programme, as estimated, is as follows :—

		(In millions of £.)	
		Revised, 1933-34.	Budget, 1934-35.
Purchase of Sterling	. . .	37.46	26.70
Sterling taken over in London	. . .	.04	—
Sale proceeds of silver	. . .	3.81	..
Transfers through Gold Standard Reserve	. . .	—11.63	..
„ „ Paper currency „	. . .	—12.18	..
		17.50	26.70

The programme for next year is only illustrative. The actual amount of remittance must, like the form, necessarily depend upon circumstances.

61. The sterling debt incurred in 1933-34 is as follows :—

Month of issue.	Form of issue.	Nominal amount.	Issue price per cent.	Cash received.
		£		£
May 1933	4 per cent. Stock, 1948-53.	12,000,000	97/10	11,700,000
November 1933	3½ per cent. Stock, 1954-59.	*10,000,000	97	*6,849,975

*Sale-proceeds to the extent of £ 2.85 million are to be realised in the next year.

INDIA.

62. The following is a summary of the estimates of ways and means in India during 1933-34 and 1934-35 :—

(In crores of rupees.)

	Budget, 1933-34.	Revised, 1933-34.	Budget, 1934-35.
RECEIPTS.			
1. Excess of Revenue of the Central Government over Expenditure charged to Revenue	35·82	32·56	32·87
2. Unfunded Debt incurred—			
(a) Post Office Cash Certificates (net)	5·00	7·80	5·50
(b) Post Office Savings Bank deposits (net)	3·40	9·10	6·00
(c) Other Savings Bank deposits (net)	4·80	5·40	5·99
3. Appropriation for reduction or avoidance of debt	6·88	3·00	3·00
4. Railway and Posts and Telegraphs Depreciation Funds	·42	·09	—·35
5. Post Office Cash Certificate Bonus Fund	1·35	·70	1·10
6. Miscellaneous Deposits and Remittances (net)	·24	·41	1·67
TOTAL RECEIPTS	57·91	59·06	55·78
DISBURSEMENTS.			
7. Capital Expenditure not charged to Revenue—			
(a) State Railways	2·00	—·75	2·96
(b) Posts and Telegraphs	·16	·16	·40
(c) Other items	1·06	1·41	1·29
8. Permanent Debt discharged (net)	28·95	42·54	13·24
9. Floating Debt discharged (net)	8·00	13·82	..
10. Loss on revaluation, sale, transfer, etc., of assets of the Paper Currency Reserve (net)	..	7·89	·05
11. Loans by the Central Government—			
(a) To Provincial Loans Fund	3·91	3·68	6·00
(b) Other Loans	—·19	·28	1·49
12. Remittances between England and India—			
(a) Remittance from India for financing Home Treasury	28·00	50·00	35·60
(b) Transfers through the Gold Standard Reserve and the Paper Currency Reserve	—·50	—31·75	..
(c) Sale of silver	·50	5·08	..
(d) Other transactions (net)	1·39	1·67	·70
13. Balances of Provincial Governments	—2·76	—2·90	—2·91
TOTAL DISBURSEMENTS	70·52	91·03	58·82
NET DISBURSEMENTS	12·61	31·97	3·04
New Loan	12·00	30·82	..
Reduction (+) or increase (—) of cash balance	+·61	+1·15	+3·04
Opening Balance	11·73	14·59	13·44
Closing Balance	11·12	13·44	10·40

63. The results of the rupee loan floated in the current year which was a $3\frac{1}{2}$ per cent. 1947-50 loan are given below :—

(In lakhs of rupees.)

Subscriptions in cash	10.07
Subscriptions in $6\frac{1}{2}$ per cent. Treasury Bonds, 1935	84
Subscriptions in the form of 5 per cent. 1935 Bonds	1.40
Subscriptions in the form of $4\frac{1}{2}$ per cent. Bonds, 1934	12.98
Subscriptions in the form of Conversion Loan of 1946-47	5.53
Total	<u>30.82</u>

64. The balance of treasury bills have been taken in the estimates as follows :—

(In crores of rupees.)

	31st March 1933.	31st March 1934.	31st March 1935.
With the public	26.09	30.00	30.00
In the Paper Currency Reserve	35.48	17.75	17.75

65. The figures relating to India's debt have been given in Appendix II. The balance of total interest-bearing obligations not covered by interest-yielding assets, cash and bullion on the 31st March 1934 shows an increase of $4\frac{1}{2}$ crores as compared with the balance on the 31st March 1933.

A. A. L. PARSONS.

The 7th May 1934.

APPENDIX I.

Memorandum on the Defence Estimates for 1934-35.

The Defence Estimates cover expenditure on the Army in India, the Royal Air Force in India and the Royal Indian Marine. They are prepared in the form adopted last year with one variation, *viz.*, that transfers from the Defence Reserve Fund are now more correctly shown as reductions of expenditure instead of as receipts.

2. The following table indicates the course of expenditure during the past five years and the estimated expenditure in the current and impending financial years :—

	Crores of rupees.
1928-29	55·10
1929-30	55·10
1930-31	54·30
1931-32	51·76
1932-33	46·74
1933-34 (budget estimate)	46·20
1933-34 (revised estimate)	44·42
1934-35 (budget estimate)	44·38

3. It will be noted that the budget figure for 1934-35 is nearly 10½ crores less than the expenditure in 1928-29. This remarkable reduction is to some extent due to causes wholly or partially outside the control of the military authorities in India. Thus in round figures one crore of the reduction is due to the fall in prices, one crore to the effects of the 1925 revision of pay of British soldiers, two crores to the recent contribution by His Majesty's Government towards Indian Defence expenditure and half a crore to the continuance of the general emergency pay cut. But after allowance has been made for these factors there remains a solid reduction of more than 6 crores effected by the efforts of the military authorities themselves, both in the economy campaign which was started in 1928-29 as one of the conditions of the stabilised budget arrangement and in the course of the subsequent retrenchment campaign in collaboration with the Army Retrenchment Committee. This reduction has been secured partly by slowing down the re-equipment programme, partly by postponement of works expenditure, partly by reduction of stocks of stores and partly by real permanent retrenchments and economies.

4. Reference has been made in the preceding paragraph to the recent contribution by His Majesty's Government towards Indian Defence expenditure. This was one of the decisions taken by His Majesty's Government on the report of the Tribunal appointed to consider certain questions in regard to defence expenditure which had been in dispute between the Government of India on the one hand and the War Office and the Air Ministry on the other. The report was published last December with a summary by the Army Department, and it is sufficient to note here that the combined effect of the decisions of His Majesty's Government on all the matters dealt with by the Tribunal has been to reduce the amount required for Defence expenditure in 1934-35 and for the future by Rs. 1·82 crores.

5. From the brief summary given in paragraph 3 above of the main factors which have led to a reduction of the budget figure by 10½ crores in the past 5 years Hon'ble Members of the Legislature will readily understand that Defence expenditure has not yet been reduced to 44.38 crores as a new permanent level. For instance, it has been explained that roughly one crore of the reduction is due to the fall in prices; when the general price level rises Defence expenditure will increase automatically just as the fall in prices has reduced it automatically. Again, when the emergency pay cut is restored expenditure will rise by half a crore. Savings secured by reductions of stock are not in all cases recurring savings: when stocks are reduced surpluses are thrown up and while these are being eaten down current expenditure on purchase is decreased, but when the surpluses have been consumed current purchase is bound to rise again. Finally, while building and other programmes can be postponed to meet a financial emergency, this process cannot be continued indefinitely as this simply leads to the piling up of commitments which will have to be financed at some later date.

6. As Hon'ble Members are aware one of the main objects of the stabilised budget arrangement was to provide out of savings on Defence expenditure sufficient money to finance a ten-crore programme of re-equipment which was required to bring the organisation and equipment of the Forces up to the standard accepted by Government and the Legislature. The scheme for financing the programme has for the time being broken down in that owing to the financial crisis it has been impossible to provide regular resources to implement the agreement. H. E. the Commander-in-Chief has recognised the necessity of reducing his budgets to the bare minimum required for maintenance and money which might have been applied towards completing the programme has had to be used to meet the general deficit in the Indian budget as a whole. The present position is that while Government are most anxious that the remaining commitments should be worked off as early as possible so that when the new Constitution comes in the Defence budget may be no more than a budget of normal maintenance charges, it is not possible in present financial circumstances to make any substantial budget provision towards working off those commitments. Consequently further expenditure is limited to the amount which can be allotted from the balance of savings in the Defence Reserve Fund accumulated in the earlier years of the stabilisation period.

7. The present position of the re-equipment programme, expressed in terms of money, is as follows :—

	Crores of rupees.
Amount spent up to the 31st March 1933	7.29
Amounts allotted from Defence Reserve Fund in 1933-34	3.1
	7.68

The estimated cost of the whole programme has now been reduced from 10 crores to 9.74 crores, so that the balance required to complete is 2.06 crores. Towards this 2.06 crores the available balance in the Defence Reserve Fund is only 80 lakhs, and there are other demands on that balance to finance unavoidable items of expenditure not included in the programme. For 1934-35 a sum of 33 lakhs is being drawn from the balance for programme expenditure.

8. As the general financial situation is still serious H. E. the Commander-in-Chief has again agreed to accept another emergency budget, i.e., an allotment for maintenance only. The figure adopted is 44.38 crores, which is practically a repetition of the 1933-34 figure after allowing for the effects of the decisions on the report of the Capitation Tribunal. A statement is appended to this Memorandum showing by major heads the actual expenditure recorded in 1932-33, the budget and revised estimates for 1933-34 and the budget estimate for 1934-35. Under certain heads there are unavoidable increases. For instance, under certain store heads retrenchment surpluses have been consumed and in consequence, as indicated in paragraph 5 above, current purchases have risen above the temporary and artificially low level of the past three years. Further, it has been necessary to provide extra funds for certain Indianisation schemes, e.g., the formation of the Indian Air Force and the Indian Regiment of Artillery, which in their initial stages involve the entertainment and payment of duplicate parallel establishments. These and other causes of variation are described in detail against each head in the volume of budget estimates.

9. If Hon'ble Members desire any further information on details of the Defence Estimates, they are invited to obtain it by personal request to the Financial Adviser, Military Finance.

A. MACLEOD,

Financial Adviser, Military Finance.

NEW DELHI ;

The 27th February 1934.

	Accounts, 1932-33.	Budget, 1933-34.	Revised, 1933-34.	Budget, 1934-35.
EXPENDITURE.	Rs.	Rs.	Rs.	Rs.
<i>48.—Defence Services—Effective.</i>				
1. Fighting Services . . .	17,42,36,167	17,04,15,000	16,97,89,000	17,12,57,000
2. Administrative Services .	6,41,47,098	6,54,37,000	6,58,11,000	6,63,50,000
3. Manufacturing Establishments (including stores) .	2,42,91,121	2,43,15,000	2,38,99,000	2,39,70,000
4. Army Headquarters Staff of Commands, etc. . .	1,84,10,846	1,97,50,000	1,91,91,000	1,95,07,000
5. Purchase and sale of stores, Equipment and Animals (other than those purchased direct by manufacturing establishments. M. E. S., R. A. F. and R. I. M.) . . .	3,87,39,829	4,45,18,000	3,42,64,000	4,03,67,000
6. Special Services . . .	6,03,119	8,000	3,08,000	..
7. Transportation, Conservancy, Hot Weather establishments and Miscellaneous . . .	2,86,80,692	2,87,70,000	2,72,15,000	2,80,08,000
8. Military Engineer Services (including stores) . . .	3,83,01,472	3,68,75,000	3,88,57,000	3,25,75,000
9. Auxiliary and Territorial Forces . . .	76,05,598	68,39,000	67,79,000	68,72,000
10. Royal Air Force (including stores) . . .	1,55,18,923	1,57,12,000	1,72,07,000	1,81,65,000
11. Royal Indian Marine (including stores) . . .	58,03,583	70,19,000	62,74,000	74,81,000
Total . . .	41,63,38,448	41,96,58,000	40,95,94,000	41,45,52,000
<i>49.—Defence Services—Non-Effective.</i>				
1. Army . . .	8,47,31,821	8,42,54,000	8,48,91,000	8,49,27,000
2. Royal Air Force . . .	3,11,674	3,42,000	4,93,000	4,46,000
3. Royal Indian Marine . . .	8,91,121	9,13,000	8,94,000	8,97,000
Total . . .	8,59,34,616	8,55,09,000	8,62,78,000	8,62,70,000
<i>50.—Defence Reserve Fund . . .</i>	14,76,933	..	8,49,000	—49,75,000
Total Expenditure . . .	50,37,49,997	50,51,67,000	49,67,21,000	49,58,47,000
RECEIPTS.				
XXXVI.—Defence Services—Effective . . .	2,93,03,069	3,16,89,000	4,78,96,000	4,77,00,000
XXXVII.—Defence Services—Non-Effective . . .	70,46,928	53,38,000	45,78,000	43,47,000
XXXVIII.—Defence Reserve Fund . . .	..	61,40,000	..	..
Total Receipts . . .	3,63,49,997	4,31,67,000	5,24,74,000	5,20,47,000
Net Expenditure . . .	46,74,00,000	46,20,00,000	44,42,47,000	44,38,00,000

APPENDIX II.

Statement showing the interest-bearing obligations of the Government of India, outstanding at the close of each financial year.

	31st March 1923.	31st March 1924.	31st March 1925.	31st March 1926.	31st March 1927.	31st March 1928.	31st March 1929.	31st March 1930.	31st March 1931.	31st March 1932.	31st March 1933.	31st March 1934.
INTEREST-BEARING OBLIGATIONS.	(In crores of rupees.)											
<i>India—</i>												
Loans (a)	339·83	358·81	370·8	368·29	374·44	372·25	390·73	405·11	417·24	422·69	446·89	435·17
Treasury Bills in the hands of the public	21·59	2·12	..	..	..	7·59	4·00	36·04	55·38	47·53	26·09	30·00
Treasury Bills in the Paper Currency Reserve	49·65	49·65	49·65	49·65	41·47	31·94	39·15	29·22	5·89	49·67	35·48	17·75
Ways and Means Advance	..	..	..	..	..	..	..	..	..	9·50	..	..
Other Obligations—												
Post Office Savings Banks	23·20	24·79	25·64	27·23	29·51	32·67	34·49	37·13	37·08	38·20	43·40	52·50
Cash Certificates	3·13	8·42	13·12	20·96	26·68	30·70	32·30	35·00	38·43	44·58	55·64	63·44
Provident Funds, etc.	36·17	39·00	42·39	46·36	51·02	55·82	60·52	65·41	70·33	73·04	76·74	82·14
Depreciation and Reserve Funds	..	..	9·08	15·45	20·10	25·48	31·09	30·18	21·39	17·65	15·22	15·36
Provincial Balances (b)	2·86	4·17	4·83	11·87	10·49	10·48	10·43	10·21	6·09	4·32	7·02	4·42
Total Loans, etc.	411·07	410·58	420·03	417·94	415·91	411·78	433·83	470·37	478·51	529·39	505·46	482·92
Total Other Obligations	65·36	76·38	95·06	121·87	137·80	155·15	168·83	177·93	173·27	177·79	198·02	217·86
Total in India	476·43	486·96	515·09	539·81	553·71	566·93	602·71	648·30	651·78	707·18	706·48	700·78
<i>In England—</i>	(In millions of £.)											
Loans (a)	222·02	244·53	263·39	266·35	265·09	272·32	283·31	289·03	316·81	313·60	314·33	320·61
War Contribution	19·71	19·27	18·81	18·32	17·81	17·28	16·72	16·72	16·72	16·72	16·72	16·72
Capital value of liabilities undergoing redemption by way of terminable railway annuities	..	..	..	..	..	..	..	..	..	..	..	..
India Bills	61·81	60·10	58·84	57·53	56·19	54·79	53·85	51·86	50·32	48·72	47·06	45·35
Provident Funds, etc.	..04	..13	..16	..21	..27	..19	..43	6·00	4·05	..80	..91	1·02
Total in England	303·58	324·03	341·20	342·41	339·36	344·58	353·81	366·15	388·59	379·84	379·02	383·70
Equivalent at 1s. 6d. to the Rupee	405·31	432·04	454·93	456·55	452·48	459·44	471·75	488·20	518·12	506·45	505·36	511·60
Total interest-bearing obligations	881·74	919·00	970·02	996·36	1,006·19	1,026·37	1,074·46	1,136·50	1,169·90	1,213·63	1,211·84	1,212·38
INTEREST-YIELDING ASSETS—												
Capital advanced to Railways	517·22	537·02	573·05	605·61	635·46	668·60	700·69	730·79	743·98	750·73	756·75	757·20
Capital advanced to other Commercial Departments	19·43	20·07	22·00	17·77	19·16	20·78	21·81	22·70	23·65	24·25	21·89	22·55
Capital advanced to Provinces	87·49	97·56	106·43	114·60	120·17	126·34	137·52	142·60	151·82	163·64	173·04	176·72
Capital advanced to Indian States and other interest-bearing loans	8·90	8·93	10·16	11·84	12·11	13·91	15·49	17·65	19·45	20·29	20·92	21·20
Total interest-yielding assets	633·04	663·58	716·64	749·82	786·90	829·58	875·51	913·74	938·90	958·91	972·60	977·67
Cash, bullion and securities held on Treasury account	44·80	50·47	57·35	51·96	37·48	24·26	28·34	45·36	34·08	41·42	35·69	26·88
Balance of total interest-bearing obligations not covered by above assets	203·90	204·95	196·03	194·58	181·81	172·53	170·61	177·40	196·97	213·80	203·55	207·83

(a) These figures represent the nominal amounts of loans outstanding and also include comparatively small amounts of expired loans which do not bear interest.

(b) The figures represent those portions of provincial balances which bear interest either because they form part of the old Famine Insurance Fund or the present Famine Relief Fund or because they have been placed with the Government of India on fixed deposit.

(c) Includes the liability assumed by the Secretary of State for East Indian Railway Debenture Stock, aggregating £18½ millions, on the termination of the contract with that Railway on the 1st January 1925. It therefore does not represent any increase in the foreign indebtedness of the country as a whole.

(d) Includes 27·07 crores on account of the liability referred to in (c) above.

(e) Includes the liability assumed by the Secretary of State for the Great Indian Peninsula Railway Debenture Stock, aggregating £3½ millions, on the termination of the contract with that Railway on the 1st July 1925. *Vide* also last sentence under (c) above.

(f) Includes 4·88 crores on account of the liability referred to in (e) above.

APPENDIX III.

Statement showing the distribution, as between voted and non-voted, of the gross expenditure of the Central Government as shown in the Budgets presented to the Legislature.

[In lakhs of rupees.]

	1933-34.				1934-35.			
	Voted.	Non-voted.	Total.	Per-centage of voted to total.	Voted.	Non-voted.	Total.	Per-centage of voted to total.
Expenditure charged to revenue	88,40	1,13,24	2,01,64*	44	94,07	1,08,99	2,03,06*	46
Expenditure not charged to revenue	4,12	44	4,56	90	6,16	27	6,43	96
Total Expenditure both charged and not charged to revenue.	92,52	1,13,68	2,06,20	45	1,00,23	1,09,26	2,09,49	48

*These figures have been arrived at as follows :—

Expenditure as per Budget Statements	1,24,11	1,20,24
Add—Working expenses of—		
(a) Railway Department	63,64	69,24
(b) Posts and Telegraphs	10,51	10,01
(c) Irrigation	2	2
Add—Refunds	8,36	8,55
	<u>2,01,64</u>	<u>2,03,06</u>

Appendix IV.

COMMERCIAL AND FINANCIAL STATISTICS.

Appen

COMMERCIAL AND

	1925-26.	1926-27.	1927-28.	1928-29.
	Rs.	Rs.	Rs.	Rs.
Recorded revenue compared with recorded expenditure, excluding capital expenditure not charged to Revenue—				
Surplus	3,31,18,187	..	..	..
Deficit	..	..	..	31,54,002
Capital Expenditure on Railways and Irrigation works not charged to Revenue.	19,23,53,255	27,22,07,907	52,49,48,928	25,36,12,112
Capital charge involved in the purchase of Railways.	3,42,73,830	..	..	3,99,30,676
Capital outlay on the Posts and Telegraphs Department not charged to Revenue.	2,23,54,139	32,59,130	46,87,947	53,33,185
Capital outlay on Light-houses and Light-ships.	..	..	..	..
Capital outlay on Vizagapatam Port and Security Printing not charged to Revenue.	81,16,371	48,33,320	19,28,440	24,47,840
Payments to Retrenched personnel	..	..	..	..
Initial Expenditure on New Capital at Delhi.	99,06,184	61,63,117	46,57,732	36,64,623
Commuted value of pensions not charged to Revenue.	..	23,85,222	44,26,219	36,09,034
Currency Capital outlay	..	8,66,401	12,94,577	3,37,014
Outlay on Bombay Land Scheme	..	..	20,74,500	..
Net Public Debt incurred	—4,03,60,228	—4,86,34,295	+2,44,27,984	+31,64,15,740
Value of commodities exported, excluding Gold and Silver.	3,36,81,20,000	3,11,05,00,000	3,30,26,40,000	3,39,15,10,000
Value of commodities imported, excluding Gold and Silver.	2,36,00,10,000	2,40,81,80,000	2,61,52,40,000	2,63,39,80,000
Excess of Exports over Imports, excluding Gold and Silver.	1,50,81,10,000	70,23,20,000	68,74,00,000	75,75,30,000
Net Imports of Gold	34,25,50,000	19,40,00,000	18,10,00,000	21,20,00,000
Net Imports of Silver	17,12,40,000	19,86,80,000	13,83,80,000	9,77,00,000
TOTAL NET IMPORTS OF GOLD AND SILVER.	51,97,90,000	39,26,80,000	31,93,80,000	30,97,00,000
Excess of Exports over Imports, including Gold and Silver.	98,83,20,000	30,96,40,000	36,80,40,000	44,78,30,000
Net Imports of Currency Notes*	(b)—33,90,000	5,20,000	(b)—17,70,000	(b)—2,90,000
Excess of Exports over Imports, including Gold, Silver and Currency Notes.†	99,16,20,000	30,91,20,000	36,98,10,000	44,81,20,000
Council Bills and purchase of sterling (a)	46,316,500	2,115,000	28,325,000	30,810,000
Rupee Equivalent thereof	61,23,87,382	2,81,70,083	37,77,30,264	41,02,18,228
Sterling obtained in England.	..	..	..	..
Rupee Equivalent thereof	..	..	..	..
Sale of Sterling	..	1,425,000	..	..
Rupee Equivalent thereof	..	1,92,67,606	..	..
Silver coined at the Indian Mints	30,78,478	50,49,439	10,15,936	52,66,573

*Recorded from

†Represents net

(a) Includes remittances of the

(b) Net

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FINANCIAL STATISTICS.

1929-30.	1930-31.	1931-32.	1932-33.	1933-34, Revised.	1934-35, Budget.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
26,83,598			1,55,19,192	..	10,15,000
..	11,58,44,974	11,74,73,277	..	..	..
30,18,89,476	13,21,14,812	6,76,72,209	-72,56,706	45,23,000	4,68,00,000
..	..	..	..	..	..
33,07,339	-3,67,995	87,91,876	14,81,501	15,69,000	39,70,000
12,821	-12,821	..	..	..	..
35,97,772	42,74,927	32,66,376	52,43,309	48,69,000	17,31,000
..	..	1,45,487	12,63,541	2,90,000	-3,36,000
72,72,239	48,26,555	14,60,663	..	10,00,000	67,67,000
38,08,683	42,65,721	42,31,943	78,88,729	85,47,000	49,56,000
68,632	1,35,474	-5,843	-3,83,512	-4,14,000	-85,000
+50,50,22,284	2,10,37,335 +40,38,17,953	-5,843 +39,55,86,853	-22,40,90,842	-19,69,76,000	-12,44,30,000
8,18,99,00,000	2,26,50,20,000	1,61,20,20,000	1,36,06,70,000	1,50,01,03,138	..
2,49,70,70,000	1,73,06,80,000	1,30,64,30,000	1,35,01,80,000	1,17,34,07,057	..
69,23,30,000	53,43,90,000	30,55,90,000	1,04,90,000	32,66,96,081	..
14,22,10,000	12,75,20,000	(b) -57,98,30,000	(b)-65,52,30,000	(b)-56,78,99,048	..
8,62,10,000	10,07,90,000	(b) -42,20,000	(b)-2,01,30,000	(b)-6,35,71,426	..
22,84,20,000	22,83,10,000	(b) -58,40,50,000	(b)-67,53,60,000	(b)-63,14,70,474	..
46,44,10,000	30,60,80,000	88,96,40,000	68,58,50,000	95,81,66,555	..
(b)-15,30,000	8,10,000	(b) -25,60,000	(b)-13,40,000	(b)-19,41,306	..
46,59,40,000	30,57,70,000	89,22,00,000	68,71,90,000	46,01,07,861	..
15,215,000	5,395,000	40,349,000	85,733,000	37,462,050	26,700,000
20,39,11,720	7,25,74,925	53,43,41,044	47,23,36,740	49,94,94,000	35,60,00,000
..	..	..	1,212,998	37,650	..
..	..	..	1,61,05,538	5,06,000	..
..	5,733,626	14,047,804	..	..	..
..	7,74,56,907	18,97,75,086	..	..	..
1,80,000	18,23,582	..	..	20,27,873	..

April 1922.

exports of gold.

Currency Department.

exports.

COMMERCIAL AND

	1925-26.	1926-27.	1927-28.	1928-29.
Maximum price in pence of an oz. troy standard Silver in London.	33 7/16 (5th Sept.).	30½ (5th May).	27 (6th Dec.).	28½ (21st May).
Minimum price in pence of an oz. troy standard Silver in London.	30¼ (19th and 22nd Mar.).	24¼ (20th Oct.).	24½ (8th, 11th and 22nd Aug.).	25¼ (16th Feb.).
Average Exchange per rupee upon Secretary of State's Bills sold and sterling purchased.	1s. 6·15d.	1s. 6·02d.	1s. 5·997d.	1s. 6·02d.
Average of the daily telegraphic transfer rates from Calcutta on London.	1s. 6·08d.	1s. 5·902d.	1s. 5·93d.	1s. 5·97d.
Rate of Exchange for the adjustment of transactions between the Indian and Imperial Governments.	1s. 6d., 1s. 6½d.	1s. 5½d., 1s. 6d. and 1s. 6½d.	1s. 6d.	1s. 6d.
Maximum rate of discount on loans on demand at the Imperial Bank of India.	7 (1st Apr. to 20th May).	7 (10th Feb. to 31st Mar.).	7 (1st Apr. to 1st June, 22nd Dec. to 31st Mar.).	5 (14th Feb. to 31st Mar.).
Minimum rate of discount on loans on demand at the Imperial Bank of India.	4 (3rd July to 27th Sept.).	4 (10th June to 31st Dec.).	4 (28th July to 7th Sept.).	5 (19th July to 14th Nov.).
Maximum rate of discount at the Bank of England.	5 (1st Apr. to 4th Aug. and 3rd Dec. to 31st Mar.).	5 (throughout the year.)	5 (1st to 20th Apr.).	5½ (7th Feb. to 31st Mar.).
Minimum rate of discount at the Bank of England.	4 (2nd Oct. to 2nd Dec.).	..	4½	4½ (1st Apr. to 6th Feb.).
Maximum Government balance at the Imperial Bank of India. Rs.	28,96,31,000 (29th May).	36,41,13,000 (July).	19,97,83,000 (1st Apr.).	17,20,78,000 (24th Aug.).
Minimum Government balance at the Imperial Bank of India. Rs.	4,29,57,000 (11th Dec.).	3,85,92,000 (17th Dec.).	3,05,09,000 (7th Oct.).	3,71,10,000 (6th Apr.).
Maximum price in Calcutta of 5 per cent. War Loan, 1929-47.	97—4	102—6	101—11	100—8
Minimum price in Calcutta of 5 per cent. War Loan, 1929-47.	94—18	99—14	100—4	99—2
Maximum price in Calcutta of 5 per cent. Income-tax free loan, 1945-55.	101—7	110—4	108—13	106—11
Minimum price in Calcutta of 5 per cent. Income-tax free loan, 1945-55.	98—18	104—9	105—13	103—4
Maximum price in Calcutta of Government 3½ per cent. Rupee Securities.	78—8 (27th Mar.).	79—1 (15th Dec.).	79—5 (29th Apr.).	75—10 (21st and 22nd June).
Minimum price in Calcutta of Government 3½ per cent. Rupee Securities.	67—10 (5th May).	74—6 (1st Apr.).	74—6 (9th Dec.).	71—14 (27th Feb. and 1st Mar.).
Maximum price in Calcutta of 3 per cent. Rupee Securities.	63—14 (26th Mar.).	67—14 (15th to 21st Dec.).	67—14 (29 Apr.).	64—12 (2nd to 5th Apr., 10th Apr., 14th to 26th June).
Minimum price in Calcutta of 3 per cent. Rupee Securities.	57—15 (15th to 18th May).	63—8 (1st and 6th Apr.).	63—14 (8th Dec.).	60—13 (19th to 21st Mar.).

FINANCIAL STATISTICS—*contd.*

1929-30.	1930-31.	1931-32.	1932-33.	1933-34, Revised.	1934-35, Budget.
25½ (2nd and 11th Apr.).	19½ (23rd April).	21½ (10th and 14th Nov.).	18½ (11th August)	20½ (23rd February).	
18½ (6th Mar.).	12½ (6th Feb.).	12½ (27th May).	15½ (13th April).	17½ (3rd April).	
1s. 5'709d.	1s. 5'841d.	1s. 6'123d.	1s. 6'156d.	1s. 6'071d.	
1s. 5'85d.	1s. 5'78d.	1s. 5'91d.	1s. 6'06d.	1—6½ ₃₂	
1s. 8d.	1s. 6d.	1s. 6d.	1s. 6d.	1s. 6d.	
8 (1st to 10th Apr.).	7 (1st and 2nd April and 15th Jan. to 31st Mar.).	8 (22nd Sept. to 13th January).	6 (1st April to 27th April 1932).	3½	
5 (6th June to 9th Oct.).	5 (10th July to 19th Nov.).	6 (28th May to 5th August and 25th February to 31st March).	3½ (from 16th February 1933).	3½	
6½ (26th Sept. to 30th Oct.).	3½ (in April).	6 (21st Sept. to 17th Feb.).	3½ (from 1st April to 20th April 1932).	2	
3½ (from 20th Mar.).	3 (from 1st May).	2½ (14th May to 22nd July).	2 (from 30th June 1932).	2	
20,35,73,000 (28th June).	23,70,44,000 (29th Aug.).	21,26,89,000 (31st July).	20,08,62,000 (29th July).	12,50,13,000 (28th April).	
5,88,61,000 (7th June).	6,94,35,000 (26th Dec.).	6,35,46,000 (4th Dec.).	5,64,00,000 (18th Nov. 1932).	5,83,69,000 (30th June).	
99—4	95—9	94—14	102—7	100—5 } repaid in May 1933.	
94—12	94—3	79—0	89—12	100—0 }	
103—12	101—9	101—11	113—6	114—10	
100	99—4	88—8	98—6	109—0	
72—5 (10th May).	63—14 (1st and 2nd April).	63—0 (1st—7th April).	88—9 (31st March 1933).	88—12	
63—15 (Feb.).	(19th 61—5 (2nd Mar.).	51—7 (7th Jany.).	60—8 (5th April 1932).	79—8	
61—15 (May).	(10th 59—1 (1st and 2nd April).	54 (1st—7th April).	75—15 (31st March 1933).	76—1	
54—13 (Feb.).	(19th 52—9 (2nd Mar.).	44—1 (7th Jany.).	51—14 (5th April 1932).	68—8	

COMMERCIAL AND

	1925-26.	1926-27.	1927-28.	1928-29.
Maximum amount outstanding on London Register of Rupee Securities encased for Interest Drafts Rs.	9,48,86,000 (Apr.).	8,59,21,000 (Oct.).	8,78,81,000 (Dec.).	9,08,98,000 (July).
Minimum amount outstanding on London Register of Rupee Securities encased for Interest Drafts Rs.	8,41,90,000 (Mar.).	8,19,29,000 (Sept.).	8,09,28,000 (Nov.).	8,28,92,000 (June).
Maximum price in London of 8½ per cent. Rupee Securities in £	54½	57½	58	56
Minimum price in London of 8½ per cent. Rupee Securities in £	49½	54½	55½	52½
Maximum price in London of India 3½ per cent. Stock.	69½	74½	73½	72½
Minimum price in London of India 3½ per cent. Stock.	63½	67½	68	66½
Maximum price in London of India 3 per cent. Stock.	59½	63½	62½	62½
Minimum price in London of India 3 per cent. Stock.	54½	57½	59	56½
Maximum price in London of India 2½ per cent. Stock.	49½	52½	52	52½
Minimum price in London of India 2½ per cent. Stock.	46½	48½	49	48½
Maximum price in London of 5½ per cent. Stock, 1932.	108	104	108½	102½
Minimum price in London of 5½ per cent. Stock, 1932.	99½	101	100½	100½
Maximum price in London of 6 per cent. Stock, 1932-33.	..	..	..	..
Minimum price in London of 6 per cent. Stock, 1932-33.	..	..	..	..
Maximum price in London of 6 per cent. Stock, 1933-34.	..	..	..	..
Minimum price in London of 6 per cent. Stock, 1933-34.	..	..	..	..
Maximum price in London of 6 per cent. Stock, 1933-35.	..	..	..	..
Minimum price in London of 6 per cent. Stock, 1933-35.	..	..	..	..
Maximum price in London of 6 per cent. Stock, 1935-37.	..	..	..	..
Minimum price in London of 6 per cent. Stock, 1935-37.	..	..	..	..
Maximum price in London of 5½ per cent. Stock, 1936-38.	..	..	..	..
Minimum price in London of 5½ per cent. Stock, 1936-38.	..	..	..	..
Maximum price in London of 4½ per cent. Stock, 1950-55.	91½	93½	94½	95½
Minimum price in London of 4½ per cent. Stock, 1950-55.	85½	88½	89½	89½
Maximum price in London of 4½ per cent. Stock, 1953-58.	..	..	..	96
Minimum price in London of 4½ per cent. Stock, 1953-58.	..	..	..	87
Maximum price in London of 5 per cent. Stock, 1942-47.	..	..	..	..
Minimum price in London of 5 per cent. Stock, 1942-47.	..	..	..	..
Maximum price in London of 4 per cent. Stock, 1948-53.	..	..	..	..
Minimum price in London of 4 per cent. Stock, 1948-53.	..	..	..	..
Maximum Government Paper Currency outstanding. Rs.	1,93,84,10,000 (Mar.).	2,01,09,29,000 (Sept.).	1,86,28,92,000 (Jan.).	1,92,47,31,000 (Feb.).
Minimum Government Paper Currency outstanding. Rs.	1,78,23,07,000 (May).	1,80,03,24,000 (Feb.).	1,69,68,18,000 (June).	1,77,15,84,000 (June).
Number of Post Office Savings Banks.	11,162	11,994	12,826	12,422
Number of accounts in Post Office Savings Banks.	2,317,390	2,518,142	2,606,071	2,020,832
Amount deposited in Savings Banks Rs.	27,23,14,764	29,50,89,541	32,66,68,188	34,49,07,680
Average of each deposit. Rs.	117.50	117.19	125.34	170.67
Net addition to deposits. Rs.	1,59,19,857	2,27,74,777	8,15,78,647	1,82,39,492

FINANCIAL STATISTICS—*concl'd.*

1929-30.	1930-31.	1931-32.	1932-33.*	1933-34, Revised.	1934-35, Budget.
8,71,22,000 (Apr.).	8,54,29,000 (May).	8,33,45,000 (April).	8,38,39,000 (April).	10,75,73,000 (April).	
8,41,97,000 (March).	8,34,03,000 (March).	8,24,70,000 (Jany.).	8,20,07,000 (Oct.).	8,16,05,000 (February).	
58	49½	45½			
47	44½	37	63	64	
70	68½	65	44½	59½	
			93½	90½	
55½	55½	41	49½	77½	
60	59½	55½	82	78½	
47	47	34	42½	65½	
50½	49	46	69½	65½	
40½	40½	29½	36	55½	
102	103½	101½	..	A.	
96	96	95	..	"	
..	104 13/16	102½	..	..	
..	99 9/16	90	..	..	
..	..	101½	105 29/32	..	
..	(a) ..	(a) 87	(a) 93½	..	
..	105½	102 7/16	104½	(a) ..	
..	99 5/16	87	91½	..	
..	103½	102 15/16	109	108 15/16	
..	101	87	88½	106½	
..	..	97½	108½	109½	
..	..	77	84½	106½	
91½	90	87½	109½	110½	
78	78	55	67½	102	
91½	89½	86 9/16	110½	111	
77	77	54½	67½	102½	
..	..	..	112½	112	
..	..	..	95½	106	
..	..	..	..	104 13/16	
..	..	..	..	97½	
1,87,70,73,000 (June).	1,74,14,84,000 (April).	1,82,31,76,000 (February).	1,76,89,58,000 (March).	1,80,04,85,000 (October).	
1,77,23,06,000 (Mar.).	1,56,53,56,000 (Feb.).	1,40,22,59,000 (September).	1,67,83,20,000 (May).	1,75,46,06,000 (June).	
12,768	12,846	12,880	12,690		
2,304,904	2,477,613	2,401,527	2,786,645		
37,13,13,370	37,02,59,875	38,20,33,085	43,45,37,410		
161·10	149·44	159·08	158·79		
2,64,06,690	-10,53,495	1,17,73,210	5,25,04,325		

(a) According to calendar year.

EAST INDIA (BUDGET)

Return to an Address of the Honourable the
House of Commons, dated 27th July, 1936; for,

"RETURN OF THE BUDGET OF THE GOVERNOR, GENERAL OF INDIA IN COUNCIL FOR 1936-37"

India Office,
28th July, 1936 }

S. F. STEWART,
Under Secretary of State for India



Ordered by The House of Commons to be Printed
28th July, 1936

LONDON

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1936

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GOVERNMENT OF INDIA.
FINANCE DEPARTMENT.

BUDGET FOR 1936-37.

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PART I.
Railway Budget.

Speech of the Railway Member

introducing the

Railway Budget for 1936-37.

I rise to present to the House the Railway Budget for 1936-37. Honourable Members will shortly have in their hands the papers which it has now become customary for the Railway Department to furnish Honourable Members with, in order to enable them to follow clearly the figures on which the estimates are based, and no explanation is necessary on my part with regard to these papers. I would only draw the particular attention of Honourable Members to the graphs included in the Budget Memorandum, which would show at a glance the salient figures of the finances of Railways since the separation of Railway Finance from the General Budget. Ever since the Railway Budget has been separated from the General Budget, it has been the practice of Honourable Members, when giving notice of cuts, to indicate briefly the nature of the questions which they intend to raise, and I have no doubt that this salutary practice, which enables Government Members to supply the House with fuller information on the points raised than would otherwise be possible, will be continued. This request has been made year after year by the Railway Member, but the practice to which I have referred has now become so well established that I do not think it will be necessary for me or for any of my successors to repeat this request.

2. In presenting the Budget for 1935-36 this time last year, my predecessor, Sir Joseph Bhore, felt that the hope that Railway earnings were on the road to recovery had been justified and that there were good grounds for an optimistic forecast with regard to the future. This spirit of optimism was based on the improving traffic receipts in the first ten months of 1934-35. It is somewhat of an irony, however, that even as he was making his Budget speech in this House, the clouds had begun to gather and the optimistic anticipations of a continuance of improvement in traffic and earnings had begun to fade away. It was about the middle of February, 1935, that railway receipts again began to exhibit a downward tendency, and since then that tendency has persisted almost unchecked, though the decrease has been more in some months than in others. It had been anticipated that for the first time in many years, our commercial lines would give us in 1935-36, a surplus,—small, it is true, but still a surplus. The House is already aware that there is no likelihood of that hope being fulfilled; a deficit is inevitable, and it is only the exact size of the deficit with regard to which there is any doubt.

Financial results of 1934-35.

3. The House will thus realise that I have not a very cheerful tale to tell, and I shall not detain the House over preliminaries. Before I proceed to explain the estimates for the current and the next year, it will probably be useful to make a brief reference to the financial results of 1934-35. These are described in detail in the Administration Report issued by the Railway Board early last month. The Budget estimates for 1934-35 had estimated a deficit of 5½ crores, including the loss on strategic lines. At the time of the presentation of last year's Budget, however,

it was hoped that the deficit would be reduced from 5½ crores to 4½ crores. Owing to the slump in traffic which supervened during the last six or seven weeks of the last financial year, the actual deficit for 1934-35 turned out to be five crores, that is to say, three-quarters of a crore higher than was expected. Of this, two crores was attributable, to strategic lines.

Revised estimates for 1935-36.

4. When the Budget for 1935-36 was framed, it was estimated that the total traffic receipts in respect of State-owned lines would amount to 93½ crores, and the total working expenses, including depreciation, to 64.43 crores. Allowing for miscellaneous receipts and expenditure, the net railway revenue was estimated at 29½ crores, resulting in a deficit of under two crores. To justify this estimate of traffic receipts, we should have earned in 1935-36 about 3½ crores more than we earned in 1934-35, but during each of the last ten months traffic earnings have unfortunately been almost consistently below last year's, and it is now considered unlikely that our traffic receipts will exceed 90 crores, which, allowing for the extra day in February this year, is really half a crore below last year's figures and 3½ crores below our budget estimate. The principal commodities that have contributed to this fall in traffic earnings are rice, cotton and oil seeds, the last alone being responsible for a fall of over 60 lakhs in the first seven months of the year. On the other hand, we expect our working expenses (including depreciation) to be 64.01 crores, that is to say, 42 lakhs below our budget estimate. Allowing for miscellaneous receipts and expenditure, our total net revenue is expected to stand at 26.83 crores, which is slightly more than that in 1934-35. Owing to a fall in the rate of interest resulting in our interest charges being 43 lakhs less than last year, the net deficit is expected to be half a crore less than in 1934-35, or just over 4½ crores. It is proposed to meet the total deficit of 4½ crores by a loan from the depreciation fund, the actual balance of which will, at the end of the financial year, be just under nine crores. Our total borrowings from the depreciation fund to meet deficits will reach the high figure of 32 crores. But for these borrowings the actual balance of the depreciation reserve would have amounted to just over 41 crores.

5. Finding that during the first quarter of the year the level of our traffic earnings was consistently below that of the previous year, and realising that we were likely to be faced with a much bigger deficit than we had anticipated, we took necessary steps to impress upon the Agents, who are directly responsible for the administration of the vast Railway System of India, the necessity of watching the position very closely and of devising methods of increasing revenue and reducing expenditure so far as was practicable. In July last, my Honourable colleague, the Finance Member, and I called a preliminary Conference of all the Agents of Class I Railways for an exchange of views with regard to the ways and means of meeting this set-back in railway earnings. In the beginning of October, we had another meeting with the Agents, when we were able to go into suggestions for the improving of net revenue at some greater length, and the Agents took advantage of the opportunity to discuss the various suggestions among themselves. At these meetings, Agents were asked to take stock of the position of their individual lines and to consider what they could do to improve the present position. As a result of the examination of their tariffs undertaken by the Railway Administrations, it was

found that there was no great scope for an increase in freights without risk of undue hardship to trade or further reduction in earnings. Nevertheless, Railway Administrations are taking steps to make small increases in their freights, where these are possible, without involving a risk of one or other of the contingencies to which I have referred, and it is expected that as a result of these changes, an addition of about a crore may be made to our earnings in the course of 1936-37.

6. As regards passenger earnings, we expect the result to be better than the actual earnings in 1934-35 and our budget estimate for 1935-36. The increase, as compared with the latter, is likely to be 55 lakhs, and as compared with the former, 37 lakhs. The total number of passengers carried in the first seven months of the year is 2½ millions more than the number carried in the corresponding months of the last year, and the passenger miles during the same period are two per cent. higher than last year.

7. As regards goods, though the total tonnage carried during the first seven months of the year is practically the same as that carried in the corresponding period of last year, the ton mileage shows a decrease of ½ per cent. The reduction of the coal surcharge has had very little effect in stimulating traffic but has operated to reduce the earnings of the first seven months by 11 lakhs; though there has been a small increase of ¼ million tons in quantity as compared with last year, the number of wagons loaded has been smaller. Rice traffic, which was exceptionally brisk in 1934-35 as the result of heavy imports of Burma rice for the devastated areas in Bihar, has undergone considerable reduction this year and is responsible for a loss of 40 lakhs in the first seven months of the year. Grain and pulse show a fall of ten per cent. in quantity and 20 per cent. in earnings, amounting to 20 lakhs. Oil seeds, owing to short sowings last year, as a result of the fall in prices, are down by nearly 600,000 tons (30 per cent.) in quantity and 61 lakhs (33 per cent.) in earnings. There has been a fall of 18 per cent. in respect of cotton, both in earnings and in quantity, and this has been responsible for another 20 lakhs. The only commodity in respect of which we have witnessed a large increase is metallic ores. These have shown an improvement, during the first seven months of the year, of 30 per cent. in quantity and over 40 per cent. in earnings amounting to 23 lakhs.

8. As regards ordinary working expenses, there is expected to be an apparent decrease of 42 lakhs and a real decrease of 17 lakhs, as compared with last year. This disparity is explained by the fact that an item of 12½ lakhs in respect of charges on account of freight on coal consumed on the Bombay, Baroda and Central India Railway during 1935-36 was included in the accounts of the previous year as the coal was received in advance before the beginning of the current year. If that item had not been included in the accounts of the previous year and had been debited to the current year, it would have reduced the working expenses of the previous year by 12½ lakhs and would have correspondingly increased the working expenses of the current year.

9. As the House is aware, the emergency deduction from the pay of railway servants was abolished from the beginning of the current year as in the case of other Government servants, and this will result in an increase of expenditure during the current year by 90 lakhs. This has masked the decrease in expenditure of 42 lakhs and has converted it into

an increase of 48 lakhs. As compared with the budget estimate, however, the revised estimate shows a saving of 40 lakhs on account of ordinary working expenses. The House will recall that the terrible earthquake of the 31st May, 1935, did considerable damage to our buildings at Quetta. Our working expenses have, however, been affected by the earthquake only to a small extent. It was fortunate that the railway line within the affected area was not seriously damaged; for, apart from the loss to railway finances, such damage would have seriously upset the running of trains and would have rendered relief operations far more difficult and far less effective, thus adding considerably to the horror and suffering of those involved in this calamity.

10. While on this subject, may I beg the indulgence of the House to interrupt my narrative in order to pay a well-deserved tribute to the devotion to duty displayed by all grades of railway staff throughout the area affected.

Budget estimates for 1936-37.

11. Turning now to the estimates for the next year: We have placed the total traffic receipts on State lines, both commercial and strategic, at 91½ crores against 90 crores in the current year. This means an increase of 1½ crores, allowing for the extra day in February this year, as compared with 1935-36. Our total working expenses, including depreciation, are estimated at 64½ crores. The net traffic receipts will thus stand at 26½ crores. Allowing a crore for miscellaneous receipts, our net revenue will stand at 27.67 crores, an improvement of 84 lakhs upon the current year. This figure will fall short of our total interest charges by 3.44 crores, so that a loan 3.44 crores from the depreciation fund will again be required, and the actual balance in the fund at the end of the year is likely to be about 11½ crores. Our total loans from the fund will stand at about 35½ crores and the nominal balance of the fund will be over 47½ crores.

12. Our estimate of earnings for 1936-37 has been framed in a conservative spirit. It assumes an improvement of a crore from alterations in rates and fares which Railways have introduced or intend to introduce during the current year, but in actual volume of traffic it assumes no more than that in 1936-37: we shall get the traffic that we actually got in 1934-35 and that we shall recover the ground we have lost during the current year.

13. We have estimated our ordinary working expenses at 51½ crores, which is half a crore above the figure for the current year. Nine lakhs of this increase is due to the restoration of the deduction in salaries inasmuch as, during the current year this restoration was operative only in respect of eleven months, and during the next year it will be operative in respect of the full twelve months. Again, as I have explained, the current year's total of working expenses should have been 12½ lakhs higher if a particular item of expenditure pertaining to the year had not been incurred last year and included in that year's accounts. The real increase in working expenses over the current year is, therefore, only 28½ lakhs.

14. Our programme of capital expenditure for the next year is necessarily more restricted than the programme for 1935-36, and the total expenditure on works included in it is only 11½ crores. In view of the

fact that for many years the actual expenditure on capital works has, for various reasons, been much lower than the amounts that we have provided in our budget estimates, we have decided to make a lump sum deduction of $1\frac{1}{4}$ crores from the total sum required and to provide only $10\frac{1}{4}$ crores for the purpose. This includes a quarter of a crore for new construction which is practically confined to the Megna Bridge. In view of the fall in traffic, we propose to purchase only 750 general service wagons next year. Practically all the other works are in the nature of replacements and improvements of the open line, such as renewals of track, for which we have provided five crores; strengthening of bridges, for which we are likely to require $\frac{3}{4}$ crore; and rolling stock, on which we expect to spend a little under $3\frac{1}{4}$ crores.

15. In his Budget speech last year, Sir Joseph Bhore, basing his hopes on the traffic figures for the first eight months of 1934-35, said, that there was good justification for the view that we had definitely turned the corner and that we might now hope once more, with some measure of confidence, for a period of balanced budgets so far, at any rate, as our commercial lines were concerned. This year's figures would appear to indicate that those anticipations are not likely to be realised for some years. Though it is expected that this year's deficit will be smaller than last year's, mainly owing to a reduction in the rate of interest, and it is hoped that the results of next year's working would show a further small improvement, we must recognise that any real improvement in the position is likely to be slow. With expected deficits of $4\frac{1}{2}$ crores and $3\frac{1}{2}$ crores in 1935-36 and in 1936-37, respectively, following upon accumulated deficits in each of the previous 5 years, totalling nearly 38 crores, it is obvious that the seriousness of the position cannot be under-rated.

16. Railways are our biggest national asset; and in view of the situation in which we find ourselves and also having regard to the impending changes in Railway Administration, namely, the handing over of the Administration of our Railways to the Federal Railway Authority, I venture to think that I would have the indulgence of the House in attempting a brief review of Railway finances for the past few years, say, from the date of the separation of railway finances from general finances, to discover, if possible, the factors which have contributed towards placing us in our present unenviable position, so that knowing what is wrong with us, we might be able to attempt a remedy. The period I propose to take for this review is from 1924-25 to 1934-35, the former being the first year of the separation of finances and the latter, the last completed financial year.

17. Under the separation convention, Railways were required to pay a contribution to general revenues as follows:

One per cent. on the Government capital at charge for commercial lines at the end of the penultimate year, *plus* $1/5$ th of the net gain of the penultimate year *minus* the loss on strategic lines during the penultimate year. In addition, when the year's results showed a surplus after meeting the fixed contribution based on the results of the penultimate year and if the surplus exceeded Rs. three crores, $1/3$ rd of the excess over Rs. 3 crores had to be paid to general revenues. Any profit left after paying the above contribution was to go to a reserve fund. At the same time a depreciation fund was founded, the contribution to this being based on the lives of the various assets on a strictly straight line basis.

The liabilities imposed on Railways were to meet their working expenses, including their contribution to the depreciation fund, interest on capital at charge, and contribution to general revenues, as detailed.

18. Now let us examine how far Railways have been able to meet these liabilities during the period under review. This period may be subdivided into two sub-periods, which may be described as the period of prosperity—1924-25 to 1929-30; and the period of adversity—1930-31 to 1934-35. During the period of prosperity, Railways met all their liabilities, and even in 1930-31, the first year of depression, they contributed 5½ crores to general revenues. This contribution was, however, met from accumulations in the Railway Reserve Fund. In all during this period, after meeting all their liabilities, Railways contributed 42 crores to general revenues. After 1930-31, Railways have made no contribution to general revenues, and have only been able to meet working expenses and interest charges by borrowings from the depreciation fund. The total amount borrowed from this fund up to the end of 1934-35 was 27½ crores, and the actual balance in that fund had been reduced at the end of that year to 9½ crores. It should be noted, however, that since the contribution to general revenues has ceased, Railways have taken over the responsibility for loss on strategic lines—about two crores per annum.

19. The main reasons for the falling off in earnings during the period of adversity may be summarised briefly as:

- (a) world depression and general collapse of commodity prices;
- (b) the striving after self-sufficiency by almost every country in the world including India and development of internal trade and production;
- (c) increase in motor competition, and to a lesser degree, river and sea competition.

To these may be added certain factors which have tended towards keeping our working expenses at a higher level than we would have reached had these factors not come into play; and these are:

- (i) labour legislation;
- (ii) improvement in service conditions of staff.

Under (a) in the first group *i.e.*, world conditions and collapse of commodity prices, I only propose to deal with our main products, *viz.*, cotton, wheat and oil seeds. With respect to cotton, the acreage sown appears to vary in direct proportion to the market price, and obviously railway earnings vary with the area under cultivation. In November 1923, Broach cotton reached a price of Rs. 715 per candy. During that year, the area under cultivation was 23,636,000 acres. In the next year, the acreage increased to 26,801,000, and in 1925-26 to 28,491,000. In 1926, the price of Broach cotton dropped to Rs. 236 per candy, and in 1926-27 the acreage under cotton fell to 24,882,000. There was a still further drop in acreage in 1927-28, but apparently, owing to the increase in the price in 1927, when Broach cotton reached Rs. 491 per candy, the acreage again increased to 27,000,000. In 1928-29, lower prices again prevailed and the acreage dropped to 26,000,000. In 1930, the price dropped still further and the acreage fell to 23,800,000. Lower prices again prevailed in 1931 and there was a further drop in acreage to 22,480,000. In addition to the fall in price, in some of these years the crop was affected by unfavourable weather conditions. As an example of the effect which these conditions may have on the crop, we find that

in 1930-31 the yield per acre was 88 lbs., whereas in 1931-32 it dropped to 68 lbs. Our earnings from cotton dropped from Rs. 4½ crores in 1929-30 to under 3½ crores in 1934-35. Taking the Great Indian Peninsula Railway alone, in 1929-30, the earnings from cotton were 187 lakhs as compared with 90 lakhs in 1934-35.

20. Before the War and up till 1924-25, India was a large wheat exporting country. Since that year, the export traffic in wheat has been practically dead, and till lately there seemed to be little chance of Indian wheat getting into world parity, despite the efforts that had been made to stimulate such export by giving a rebate on railway freight for such traffic. The difference in earnings between 1924-25 and 1934-35 on this traffic is almost exactly Rs. two crores, of which the North Western Railway alone have lost about Rs. 1½ crores.

21. Traffic in oil seeds has dropped within the last six years by Rs. 1½ crores. The traffic on the Madras and Southern Mahratta Railway alone has dropped from Rs. 127 lakhs to Rs. 66 lakhs. The reduction in our earnings on these three commodities alone is just over Rs. 4½ crores, i.e., just about the figure of our expected deficit this year.

22. As regards the second factor which I have mentioned above, viz., the striving after self-sufficiency and the development of internal trade and production, the general effect of this policy on railway earnings, so far as India is concerned, has been to replace long lead traffic to and from the ports by short lead internal traffic. With increasing prosperity and the further development of industries in the country, part of this loss may be made up, but it is apprehended that in the present state of world industry and international commerce, it will take a very considerable period of time for this happy consummation to be achieved. The North Western Railway estimate that they alone have lost over 50 lakhs a year on account of this substitution of short lead traffic for long lead traffic. Again, India has, in the past, been a very large exporter of ground nuts, especially to France. In recent years, France has been encouraging the growing of ground nuts in her own African Colonies, thus displacing the Indian product to a considerable extent from the French market. Other examples could be quoted, but these will, I think, suffice to illustrate how the policy adopted in India and other countries may react on railway earnings. India is in the course of re-adjusting itself to new conditions in this respect, and a certain amount of disturbance of old conditions is inevitable during the transitional period. Our concern is due to the anticipation that the transitional period is likely to be a protracted one.

23. Take again the effect on railway earnings of irrigation schemes like the Lloyd Barrage in Sind and the Mettur project in Madras, both of which, it is hoped, will prove of such great benefit to the country as a whole. The immediate result is bound to be a loss to Railways inasmuch as the effect of these and similar schemes is to restrict the area of supply and to substitute local produce for commodities brought from a distance. In the case of the Lloyd Barrage, the North Western Railway is, it is estimated, already losing 20 lakhs a year by the substitution of Sind wheat and cotton for Karachi in preference to Punjab wheat and cotton with its longer lead. If, however, Punjab wheat begins to be diverted in larger quantities to the United Provinces, Bihar and Bengal, and even, let us hope, to the South of India, Railways might more than regain the traffic in this commodity which they have lost in Sind. These illustrations will

show how the growing prosperity of the country itself in various directions might adversely affect railway earnings, but, as I have said above, this phase may only be temporary, and there can be no doubt that, given a material and permanent increase in the prosperity of the country in the agricultural as well as in the industrial fields, Railways may eventually find themselves in a better financial position than they have achieved at any time in the past.

24. When Railways were originally projected, they had, to all intents and purposes, a monopoly of long distance transport, both passenger and goods. Being in this position, they were hedged round with restrictions for the protection of the railway user in order that they should be worked for the benefit of the country as a whole, and not entirely for the benefit of the shareholders. Times have changed, and now there is another competitor in the field of transport,—a competitor which so far has not had to operate under the same conditions as Railways,—I refer to road motor transport. It is estimated that today Railways are losing Rs. three crores of revenue to the roads per annum. So far the loss has mainly been on passenger traffic, but signs are not wanting that valuable goods traffic, such as piecegoods, is being lost to the roads. This process must continue unless there is a reconsideration of the present road and motor transport policy. At present, much of the money available for roads is being spent on the improvement or reconstruction of roads in competition with Railways, and yet there are in the aggregate vast areas in India which have no means of modern transport either by road or by rail. Then, apart altogether from road transport, river and sea competition has been intensified in the past few years. These interests, owing to the trade slump, have had to cut down their rates or go out of business. In some cases, it has been possible to retain traffic to the railways, but only by a reduction in rates with consequent loss in earnings.

25. Turning now to the items which have had the effect of adding to our working expenses: Within recent years, a good deal of labour legislation has been enforced in India, which has added materially to the liabilities of Railways. The application of the Washington and Geneva Conventions to Railways has meant a debit of about half a crore of rupees per annum to Railway revenues. In prosperous time, this might have been regarded as an inconsiderable sum, but, in these times of depression, an addition, even of this amount, to our working expenses assumes large proportions.

26. During the prosperous period when Railways were meeting all their liabilities and paying their contribution to general revenues, the Government of India decided to reduce railway rates. The net effect of the reduction, assuming there was no increase of traffic, would have been a loss of Rs. five crores to Railway revenues. It was hoped, however, that a reduction in rates would stimulate traffic and the loss would be made up in increased traffic. Having helped the railway user to this extent, the Government of India further decided that the lower paid staff had claims to share in the prosperity of Railways, and certain increases of pay were granted to these categories of staff. The cost of this was somewhere in the neighbourhood of another Rs. $\frac{1}{2}$ crore per annum; again, a liability which could have been easily absorbed in prosperous times, but which in these days of depression is difficult to meet.

27. That, I think, states the present position. What have Railways done to improve this position and what are the prospects for the future? During the years of adversity, all railways have overhauled their expenditure, every item of expenditure coming under scrutiny. The result has been that working expenses have been reduced by about Rs. six crores per annum. Attempts have been made by judicious increases or decreases in rates and fares to increase earnings. Some of these attempts have been successful; others, less so.

28. Next, as to counteracting the factors which, as stated above, are mainly responsible for the loss in railway earnings. I think it is quite clear that till world conditions improve and there is a general rise in the prices of commodities, there is little, if any, prospect of Railways regaining the greater part of the traffic they have lost on this account. Though the signs may be faint, there are, I think, signs that world conditions are improving. The reactions of this will be felt in India, and we may reasonably hope that there will be a general tendency for our traffic to increase in the commodities I have already mentioned. As regards the problem of self-sufficiency, the more outside countries become self-sufficient, the less will India export to them, and unless there is a radical change in general world policy, I am afraid there is little chance of regaining the traffic lost through this cause. As for the self-sufficiency of India herself, as her industries develop, presumably the country will become wealthier, and though we may have lost the larger portion of our long lead traffic, if there is more money to spend it is bound to have its effect on railway earnings.

29. If Railways are to regain their lost position, or even retain their present position, it is essential that road transport should so far as is possible be placed on a fair competitive basis. I firmly believe that this would be in the interest of all concerned. There is plenty of scope for both forms of transport, and though competition is inevitable, they may to a great extent be complementary. This country has not yet been fully developed and provided with modern means of transport. Surely, till such a stage is reached, the correct policy would be to devote all the money available to the opening out either by road or by rail communications of carefully selected new areas, with the object of getting their produce to the markets of India and the outside world. We are often told by businessmen and industrialists that the panacea for all their troubles is low railway rates, but low railway rates presuppose a large volume of business for the railways. Is the necessary volume of business within sight of being obtained? I am quite definitely of opinion—No, unless there is a properly co-ordinated road and rail policy. Mr. Pelley, President of the Association of American Railroads, in a letter to the public, dated December 9th, 1935, writes as follows:

"Rail Progress Not Ended."

"Nor has progress in railroading come to an end. The improvements in safety, comfort, speed and attractiveness of passenger trains in the past few years are well known. Less well known but perhaps more important are the improvements in freight service, either now in effect or under way.

Regardless of the degree of efficiency which may be achieved by railroads, they will not be able by themselves to solve the so-called 'railroad problem'. In truth, it is not a railroad problem. It is a transportation problem, to be solved finally now only by the efforts of the railroads themselves, but also by the correction of the unwise public transportation policies which are at the root of the trouble.

That railroads have been able to stay in business at all under such unequal conditions of competition, and to do the major transportation work of America, is due to

the inherent superiority of the rail method of hauling, which alone can combine in one co-ordinated continent-wide operation the flexibility of the single car with the economy of mass transportation in long trains.

The great need of the railroads to-day is more business. As the total commerce of the country may increase with national recovery, the railroads will secure the needed volume if given equality of treatment."

What is true in America today is equally true in India.

30. The main difficulty, however, in the way of a proper and thorough co-ordination between rail and road transport, which is peculiar to this country, is that Railways are the concern of the Central Government, and the development of roads and the control of motor transport that of the Provincial Governments. "I fully appreciate the position of the Provincial Governments, whose policy is naturally influenced by a strong and often vocal public opinion. But there are certain fundamental facts which are sometimes forgotten. The finances of the Provinces are ultimately dependent, to a large extent, upon the prosperity of the Central Government, and the prosperity of the country is dependent, to a large extent, upon an efficient and cheap system of railway transport. It must be realised that over 750 crores of the taxpayer's money have been invested in railways in India, and in the last resort it is the Indian taxpayer who must pay the interest charges amounting to over 31 crores on this capital. Nor must it be forgotten that the success of the new system of autonomous provinces presupposes that Central revenues will have a considerable surplus for distribution among the provinces. If Central revenues are faced with the prospect of having to finance an unremunerative system of Railways, their capacity to contribute towards the resources of the provinces will be correspondingly reduced. It will thus be seen that the financial prosperity of the provinces is intimately bound up with the prosperity of Railways, and it is to be hoped that Provincial Governments will assist the Centre in the adjustments of policy which now appear to be inevitable. We propose to discuss the question further with them in the near future.

31. As regards labour legislation, I would invite a reference to a Report recently issued by the Labour Officer to the Bombay Government which compares the conditions of certain categories of railway labour in the Bombay Presidency to that of labour employed by private firms. A perusal of that report will show that the Bombay railways have no reason to be ashamed of the conditions under which their labour is working; and what is true of Bombay is, I think, true of railways throughout India. That being so, I think a stage has been reached where a halt might be called, at least for some time, more especially having regard to the present financial position of railways, in the liberalisation of rules relating to the hours and conditions of work and the granting of further privileges to our staff, which, though individually they may not have cost a very large sum of money, have, in the aggregate, considerably increased the working expenses of railways.

32. I might here refer to two other factors which occasion considerable leakage in railway revenue, for which a remedy must be sought at an early date. I have in mind the evils of the ticketless passenger and the under-charging of freight either by the negligence or the fraud of railway employees through under-weighting and misdeclaration of goods. As regards the latter, I have had occasion to impress upon Agents of Railways the necessity of a more rigorous check of the work of the class of railway employee whose duty it is to charge freight upon goods consigned to railways for carriage; and in some cases, a stricter check has already been

introduced and has shown good results. The evil is, however, of long-standing, and though I shall be glad to see a stricter and more rigorous application of their disciplinary powers by the Agents directed towards the checking of this evil, I am afraid it is not likely to be effectively checked without the active co-operation of the commercial community of the country, for, in every case of under-weighment or misdeclaration the consignor or his agent, whatever the degree of culpability of the railway employee, must be an active participant in the fraud practised upon the Railways. Under the circumstances, it is difficult to say what steps must be taken to eradicate the evil altogether. The development of a healthy public opinion upon the subject would go a very long way towards uprooting this evil. It must surely be realised that it is as culpable to cheat the Railways out of their proper dues as it is to cheat an individual out of his. Meanwhile, I would make an earnest appeal to Honourable Members and, through them, to the general public to co-operate with Railways in bringing to notice cases of this sort so that deterrent disciplinary action may be taken where the culpability of a railway employee can be established.

33. The problem of the ticketless traveller is equally not a new one. It has been repeatedly brought to the notice of Government by the Indian Railway Conference Association which has urged upon Government the necessity of stricter legislation for dealing with this evil. The magnitude of this evil may be surmised from the fact that during 1934, the number of passengers detected travelling without a proper ticket was close upon 27 lakhs; and, during 1933, the number of such passengers was over 29 lakhs. I have had occasion to examine the figures bearing upon this matter for the last ten years, and find that there has been a progressive increase in these numbers during that period: from 17½ lakhs in 1925 to over 29 lakhs in 1933, with a drop to just below 27 lakhs in 1934. These numbers only furnish a rough indication of the extent of the evil, for it is feared that the number of those travelling without proper tickets who are not detected is very much larger than the number of those who are detected. Government have been reluctant to introduce legislation to counteract the evil of ticketless travel, inasmuch as they desired that every practical method which knowledge and experience suggested should be explored before they committed themselves to legislation. These methods have failed and it is estimated that the loss to railway revenues on this account is at least Rs. ½ crore per annum, and it is possible that it is considerably more. Government have, therefore, been forced to the conclusion that stricter legislation designed to check the practice of ticketless travel is inevitable if Railways are to be safeguarded against the greater portion of this loss. It is considered that it is not too much to ask the user of railways to pay a fair charge for services rendered, and, if he fails to do so, to render him liable to punishment in the same way as a man is punished if he is caught purloining other people's goods, as, after all, the offence of travelling without a ticket is in its essence no different from obtaining goods on false pretences. It is, therefore, proposed to place before the House, in due course, legislation by way of amendment of the Indian Railways Act, which would make it easier to deal effectively with this evil, and I trust Government will have the assistance of Honourable Members in placing it on the Statute-book at an early date.

34. Reference may also be made to one or two other factors, which might, to some extent, help to relieve the present situation. Owing to

the gradual fall in existing rates of interest and conversions of loans borrowed at high rates of interest in the years immediately after the War, we may expect a reduction in our interest charges of between 25 to 50 lakhs a year, increasing from year to year. The new scales of pay that have been introduced for Railway servants will also, it is expected, ultimately result in savings of between two and three crores a year, though it will be some years before these savings become appreciable. The continuous pressure of job analysis and the examination of all items of expenditure, however small, with the object of relentlessly eradicating waste and extravagance may yet result in some further saving in expenditure, which, though small with regard to individual items, may, in the aggregate, be considerable. These factors, will, however, in part, be counterbalanced by automatic increases due to increments in pay, and the net result, though substantial, cannot be expected to be spectacular.

35. As against the rather gloomy picture of the present position of our Railways that I have sketched in the preceding paragraphs, we have at least the consolation that our position is no worse than the position of other railways throughout the British Empire and throughout the world: in fact, it is considerably better than in most other countries. The following figures, showing the percentage of Net Revenue to Capital of the Indian Railways, compared with the British Group Railways and certain of the Dominion and Colonial Government Railways, may be of interest. During the years 1933-34 and 1934-35, Indian Railways earned 3.40 per cent. and 3.64 per cent. on their capital at charge. During the years 1933-34 and 1934-35, the British Group earned 2.30 per cent. and 2.50 per cent. During 1933-34 and 1934-35, New South Wales Government Railways earned 2.62 per cent. and 3.14 per cent.; Nigerian Railways 3.46 per cent. and 4.21 per cent. (no contributions being made to renewals); New Zealand Government Railways 2.05 per cent. and 2.01 per cent.; Tanganyika Railways, 2.15 per cent. and 3.31 per cent. In 1934-35, the Western Australian Government Railways earned 3.61 per cent. For the two years, 1933-34 and 1934-35, South African Railways earned approximately 3 per cent. and for the same period it is interesting to note that the Railways of the United States earned 1.8 per cent. It should also be noted that generally the operating ratio of Indian Railways is better than the operating ratio of other railways throughout the world. Details of how this compares with other Railways will be found in the Railway Board's latest Administration Report.

36. To sum up, the position, though causing anxiety and requiring ceaseless watchfulness, is not, by any means, desperate. Given a reasonable improvement in world conditions, regulation of motor transport on a fair competitive basis, a check on further concessions and privileges to Railway staff, and legislation imposing effective check upon ticketless travel,—there is a fair chance that the financial position of Railways will gradually improve and that they will, within a reasonable period, achieve a sound financial position.

In conclusion, I desire to convey an expression of my gratitude to the members of the Railway Board as well as to all those upon whom rest the responsibility and the burden of administering and running the vast system of railways in India, for the loyal co-operation and assistance that I have received from them.

BUDGET

of the

Railway Revenue and Expenditure of the Governor-General in Council, as laid before the Indian Legislature, 1936.

RAILWAY DEPARTMENT;
New Delhi, 12th February 1936.

P. R. RAU,
Financial Commissioner of Railways.

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1.—Statement of the Revenue of the Central

HEADS OF REVENUE.	ACCOUNTS, 1934-35.				REVISED ESTIMATE.	
	India.	England.	Exchange.	TOTAL.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
XI.—State Railways—						
(a) Commercial lines—						
Gross receipts—						
Passenger traffic earnings—						
Upper class . . .	3,11,71,879	...	...	3,11,71,879	3,13,50,000	...
Third class . . .	24,43,78,000	...	...	24,43,78,000	24,79,00,000	...
Other coaching traffic earnings.	4,82,76,755	...	...	4,82,76,755	4,90,00,000	...
Goods traffic earnings .	60,29,78,971	...	...	60,29,78,971	59,59,00,000	...
Sundry earnings . . .	1,60,80,144	2,512	—8	1,60,82,643	1,73,28,000	3,000
Credits for materials released from works chargeable to the Depreciation Fund .	86,07,205	...	...	86,07,205	1,00,00,000	...
TOTAL EARNINGS .	95,15,48,954	2,512	—8	95,15,48,458	95,30,78,000	3,000
Deduct—						
Refunds of Revenue collected.	12,10,139	...	...	12,19,139	11,80,000	...
Earnings of State Railways.	95,03,27,815	2,512	—8	95,03,30,319	95,08,98,000	3,000
Suspense	8,52,310	...	...	8,52,310	...	...
Gross receipts of State Railways.	95,11,86,125	2,512	—8	(a) 95,11,82,629	95,08,98,000	3,000
Deduct—						
Working expenses of State Railways.	64,31,03,876	44,60,431	—11,527	(b) 64,75,52,780	64,24,85,000	42,62,000
Surplus profits paid to Indian States and railway companies.	61,12,492	...	...	61,12,492	51,50,000	...
Payments to worked lines—						
(i) Net earnings . . .	2,62,37,430	4,00,000	—347	2,66,37,083	2,55,00,000	4,00,000
(ii) Subsidy, Rebate, etc.	10,62,053	...	...	10,62,053	11,90,000	...
Net receipts . . .	27,40,64,375	—49,57,919	11,560	26,98,18,223	27,05,73,000	—40,60,000
(b) Strategic lines—						
Gross receipts . . .	1,26,90,055	...	...	1,26,90,055	1,29,20,000	...
Deduct—						
Refunds of Revenue collected.	19,775	...	...	19,775	20,000	...
Working expenses . . .	1,89,79,093	...	...	1,89,79,093	2,06,75,000	...
Net receipts . . .	—63,08,813	...	...	—63,08,813	—77,75,000	...
Total net receipts, Commercial and Strategic lines.	26,83,55,463	—49,57,919	11,560	26,35,09,439	26,87,98,000	—40,60,000
XII.—Subsidized Companies—						
Government share of surplus profits, etc.	20,20,231	1,29,201	—371	21,58,061	21,61,000	1,40,000
XII-A.—Miscellaneous Railway Receipts—						
(a) Commercial lines—						
Interest on Depreciation Reserve and Reserve Fund balances.	39,32,203	...	...	39,32,203	37,16,000	...
Dividend on investments in branch lines and other Miscellaneous Receipts.	25,76,659	...	...	25,76,659	32,00,000	...
(b) Strategic lines—						
Interest on Depreciation Fund balances.	8,92,440	...	...	8,92,440	9,39,000	...
TOTAL RECEIPTS .	27,77,75,994	—47,28,718	11,495	27,30,58,771	27,88,14,000	—45,20,000
XII-B.—Transfers from Railway Reserve Fund.	...	...	...	...	...	...
XII-C.—Withdrawal of sums deposited on account of the Railway Depreciation Fund.	5,06,26,426	...	...	5,06,26,426	4,53,59,000	...
TOTAL .	32,84,01,420	—47,28,718	11,495	32,36,84,197	32,41,73,000	—45,20,000

(a) Includes Rs. 5,28,44,000 earnings
(b) Includes Rs. 2,68,07,000 working
(c) Includes Rs. 8,28,00,000 earnings
(d) Includes Rs. 2,73,00,000 working
(e) Includes Rs. 5,22,00,000 earnings
(f) Includes Rs. 2,70,00,000 working

Government from Railways in India and England.

1935-36.			BUDGET ESTIMATE, 1936-37.				Increase (+) Decrease (-) as compared with Revised, 1935-36.
Exchange.	TOTAL.	Increase (+) Decrease (-) as compared with Budget, 1935-36.	India.	England.	Exchange.	TOTAL.	
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
...	3,13,50,000	+7,50,000	3,16,50,000	...	...	3,16,50,000	+3,00,000
...	24,79,00,000	+49,00,000	24,85,50,000	...	...	24,85,50,000	+16,50,000
...	4,90,00,000	+3,00,000	4,90,00,000	...	...	4,90,00,000	...
...	59,50,00,000	-4,32,00,000	60,47,00,000	...	...	60,47,00,000	+88,00,000
...	1,73,30,000	+15,30,000	1,81,63,000	2,000	...	1,81,65,000	+8,15,000
...	1,06,00,000	+2,00,000	97,00,000	...	...	97,00,000	-9,00,000
...	95,20,80,000	-3,48,20,000	96,27,83,000	3,000	...	96,27,85,000	+1,07,05,000
...	11,80,000	-10,000	11,85,000	...	...	11,85,000	+5,000
...	95,09,00,000	-3,48,10,000	96,15,98,000	2,000	...	96,16,00,000	+1,07,00,000
...	...	...	...	...	...	...	...
...	(c) 95,09,00,000	-3,48,10,000	96,15,98,000	3,000	...	(c) 96,16,00,000	+1,07,00,000
-22,000	(d) 94,87,25,000	-44,75,000	94,71,85,000	42,65,000	...	(f) 95,14,80,000	+47,05,000
...	51,50,000	-4,50,000	30,00,000	...	...	30,00,000	-21,50,000
-2,000	2,58,98,000	-15,02,000	2,52,00,000	4,00,000	...	2,58,00,000	-2,98,000
...	11,90,000	-1,40,000	13,70,000	...	...	13,70,000	+1,80,000
24,000	27,19,37,000	-2,82,43,000	28,48,63,000	-46,63,000	...	28,02,00,000	+62,63,000
...	1,39,20,000	-8,80,000	1,31,15,000	...	...	1,31,15,000	+1,85,000
...	20,000	+10,000	15,000	...	...	15,000	-5,000
...	2,08,75,000	+75,000	2,08,70,000	...	...	2,08,70,000	+1,95,000
...	-77,75,000	-9,65,000	-77,70,000	...	...	-77,70,000	+5,000
24,000	26,41,82,000	-2,82,08,000	27,70,93,000	-46,63,000	...	27,24,30,000	+82,63,000
-1,000	28,00,000	+3,00,000	20,93,000	1,07,000	...	22,00,000	-1,00,000
...	37,16,000	-11,43,000	41,08,000	...	...	41,08,000	+3,90,000
...	33,00,000	+9,00,000	32,00,000	...	...	33,00,000	...
...	9,39,000	-27,000	9,56,000	...	...	9,86,000	+47,000
23,000	27,43,17,000	-2,92,78,000	28,74,78,000	-45,56,000	...	28,39,22,000	+66,05,000
...	...	...	...	...	...	...	...
...	4,53,59,000	+2,64,09,000	3,44,44,000	...	...	3,44,44,000	-1,09,15,000
23,000	31,96,76,000	-38,68,000	32,19,22,000	-45,56,000	...	31,73,66,000	-23,10,000

of worked lines.
expenses of worked lines.
of worked lines.
expenses of worked lines.
of worked lines.
expenses of worked lines.

2.—Statement of the Expenditure on Railways charged to

HEADS OF EXPENDITURE.	ACCOUNTS, 1934-35.				REVISED ESTIMATE,	
	India.	England.	Exchange.	TOTAL.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
10. State Railways—						
(a) Commercial lines—						
Interest—						
on Government capital at charge	17,91,34,467	11,28,81,788	—3,80,831	29,16,85,424	17,65,91,000	11,13,20,000
on capital contributed by Indian States and Companies.	3,33,935	1,20,00,815	—37,768	1,23,96,982	3,11,000	1,19,01,000
Total interest, commercial lines . . .	17,94,68,402	12,48,82,603	—3,68,599	30,39,22,406	17,69,02,000	12,37,31,000
(b) Strategic lines—						
Interest on capital at charge . . .	1,40,23,364	...	...	1,40,23,364	1,37,44,000	...
TOTAL INTEREST . . .	19,34,91,766	12,48,82,603	—3,68,599	31,80,05,770	19,06,46,000	12,37,31,000
11. Subsidized Companies—						
Land	29,652	...	...	29,652	1,30,000	...
Subsidy	5,42,983	...	...	5,42,983	5,10,000	...
12. Miscellaneous Railway expenditure—						
Commercial lines	41,00,899	9,19,808	—2,629	50,54,138	44,26,000	8,66,000
Strategic lines	21,655	...	..	21,655	22,000	..
Payments to general revenues—						
Contribution	..	...	...	...	...	...
13A. Surplus Railway Revenue transferred to Railway Reserve Fund.						
TOTAL	19,62,62,954	12,58,03,471	—3,71,238	32,36,64,197	19,67,34,000	12,46,37,000

the Revenue of the Central Government in India and in England.

1935-36			BUDGET ESTIMATE, 1936-37.				
Exchange.	TOTAL.	Increase (+) Decrease (-) as compared with Budget, 1935-36.	India.	England.	Exchange.	TOTAL.	Increase (+) Decrease (-) as compared with Revised, 1935-36.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
-5,79,000	28,78,32,000	-29,27,000	17,63,08,000	10,92,12,000	...	28,54,15,000	-24,17,000
-62,000	1,21,50,000	-66,000	2,96,000	1,18,43,000	...	1,21,39,000	-11,000
-6,41,000	20,60,82,000	-29,93,000	17,64,99,000	12,10,55,000	...	29,75,54,000	-24,28,000
...	1,37,44,000	-1,41,000	1,35,82,000	...	...	1,35,82,000	-1,62,000
-6,41,000	31,37,26,000	-31,34,000	19,00,81,000	12,10,55,000	...	31,11,36,000	-25,90,000
...	1,30,000	-70,000	90,000	...	...	90,000	-40,000
...	5,10,000	+2,15,000	7,80,000	...	...	7,80,000	+2,70,000
-1,000	52,58,000	+1,23,000	44,70,000	8,56,000	...	53,35,000	+47,000
...	23,000	-3,000	25,000	...	...	25,000	+3,000
...	...	...	...	...	...	...	...
...	...	...	...	...	...	...	...
-6,45,000	31,96,76,000	-28,69,000	19,54,55,000	12,19,11,000	...	31,73,66,000	-23,10,000

2(a).—Contribution from Railway to General Revenues, 1935-36.

(Based on actuals, 1933-34.)

	Rs.	Rs.
1. 1 per cent. on capital of 7,39,70,41,818 at charge, commercial lines		7,20,70,418
2. (i) Receipts—Commercial lines—		
Gross traffic receipts	86,56,38,052	
Subsidised Companies' share of surplus profits etc.	18,28,017	
Interest on Depreciation and Reserve Fund balances	46,91,339	
Dividend on investments in branch lines and other miscellaneous receipts	13,87,506	
(ii) Charges—Commercial lines—		87,35,24,914
Working expenses	61,20,62,688	
Indian States and Railway Companies' share of surplus profits	56,65,149	
Interest—		
on capital at charge	29,85,24,925	
on capital contributed by Indian States and Companies	1,38,58,883	
Land and subsidy	7,50,840	
Miscellaneous railway expenditure	38,14,521	
Contribution at 1 per cent. on capital at charge	7,20,70,418	1,00,57,46,689
(iii) Deficit		13,22,20,755
(iv) Contribution of one-fifth of surplus		...
3. (i) Total contribution from railway revenues [1 plus 2 (iv)]	..	7,20,70,418
Deduct—Loss on strategic lines borne by railway revenues—		
(i) Interest on capital	1,44,15,552	
(ii) Loss in working	50,87,404	
(iii) Interest on the amount of loss in working met from Depreciation Reserve Fund of Commercial lines.	20,93,343	
		2,21,70,398
(ii) Net payment due from railway to general revenues in 1935-36	...	4,98,94,116

2 (a).—Contribution from Railway to General Revenues, 1936-37.

(Based on actuals, 1934-35.)

	Rs.	Rs.
1. 1 per cent. on capital of 7,21,56,13,867 at charge, commercial lines		7,21,56,139
2. (i) Receipts—Commercial Lines—		
Gross traffic receipts	95,11,82,629	
Subsidised Companies' share of surplus profits	21,58,061	
Interest on Depreciation and Reserve Fund balances	89,32,202	
Dividend on investments in branch lines and other miscellaneous receipts	25,76,659	
(ii) Charges—Commercial Lines—		95,98,49,551
Working expenses	64,76,52,780	
Payment to worked lines	2,76,99,135	
Indian States and Railway Companies' share of surplus profits	61,12,492	
Interest—		
on capital at charge	29,16,85,424	
on capital contributed by Indian States and Companies	1,22,96,992	
Land and subsidy	5,72,634	
Miscellaneous railway expenditure	50,84,188	
Contribution at 1 per cent. on capital at charge	7,21,56,139	
		1,06,31,53,724
(iii) Deficit		10,38,10,178
(iv) Contribution of one-fifth of surplus		...
8. (i) Total contribution from railway revenues [1 plus 2 (iv)]	...	7,21,56,139
Deduct—Loss on strategic lines borne by railway revenues—		
(i) Interest on capital	1,40,23,364	
(ii) Loss in working	54,48,028	
(iii) Interest on the amount of loss in working met from Depreciation Reserve Fund of commercial lines	35,93,073	2,30,63,465
(ii) Net payment due from railway to general revenues in 1936-37	...	4,90,92,674

3.—Statement of the Capital Expenditure of the

HEADS OF EXPENDITURE.	ACCOUNTS, 1934-35.				REVISED ESTIMATE,	
	India.	England.	Exchange.	TOTAL.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Railway Capital not charged to Revenue:—						
53.—Construction of State Railways:—						
(a) Commercial Lines—						
Open Line Works—						
Rolling Stock				—72,78,000		
Other Works				1,95,85,108		
New Construction . . .				18,33,000		
Suspense				—74,98,000		
Miscellaneous				—16,58,000		
Probable savings				...		
Emergency deductions from pay				—3,78,000		
TOTAL	—90,08,779	1,46,25,287	—40,400	45,68,108	6,89,000	1,72,00,000
(b) Strategic Lines—						
Open Line Works—						
Rolling Stock				5,64,000		
Other Works				—11,45,958		
New Construction . . .				...		
Suspense				—11,16,000		
Emergency deductions from pay.				—1,000		
TOTAL	—17,01,958	...	...	—17,01,958	—8,00,000	...
TOTAL COMMERCIAL AND STRATEGIC LINES	—1,17,00,737	1,46,25,287	—40,400	(a) 28,84,150	3,89,000	1,72,00,000
53-C.—Discharge of Debentures . . .	...	40,00,000	—13,842	39,86,158	...	...

(a) Includes Rs. 3,71,294 representing refund of advances to Rohilkhand and Kumaon Railway Company.

Central Government in India and England on Railways.

1935-36.			BUDGET ESTIMATE, 1936-37.				Increase (+) Decrease (—) as compared with Revised, 1935-36.
Exchange.	TOTAL.	Increase (+) Decrease (—) as compared with Budget, 1935-36.	India.	England.	Exchange.	TOTAL.	
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
	—38,51,000	—1,28,98,000				75,21,000	+1,13,72,000
	2,00,45,000	—2,51,58,000				3,15,85,000	+1,15,40,000
	26,00,000	...				23,65,000	—2,35,000
	—57,25,000	+11,75,000				—54,00,000	+3,25,000
	47,41,000	+3,41,000				2,00,000	—45,41,000
	...	...				—55,00,000	—55,00,000
	—10,000	+40,000				...	+10,000
—89,000	1,78,00,000	—3,66,00,000	1,35,71,000	1,72,00,000	...	3,07,71,000	+1,29,71,000
	—1,00,000	+4,43,000				—3,32,000	—2,32,000
	75,000	—13,68,000				24,61,000	+23,86,000
	...	...				...	...
	—2,75,000	+25,000				—4,00,000	—1,35,000
	...	...				...	...
...	—3,00,000	—9,00,000	17,29,000	...	...	17,29,000	+20,29,000
—89,000	1,75,00,000	—3,75,00,000	1,53,00,000	1,72,00,000	...	3,25,00,000	+1,50,00,000
...	...	...					

A.—Railway Depreciation Reserve Fund.

	Accounts, 1934-35.	Budget Estimate, 1935-36.	Revised Estimate, 1935-36.	Budget Estimate, 1936-37.		Accounts, 1934-35.	Budget Estimate, 1935-36.	Revised Estimate, 1935-36.	Budget Estimate, 1936-37.
	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.
Opening balance.	9,49,53,153	10,99,07,152	9,49,98,791	8,97,39,791	Appropri- ation from Deprecia- tion Re- serve Fund.	13,72,27,289	11,39,50,000	13,78,59,000	10,44,44,000
Appropri- ation to Deprecia- tion Re- serve Fund.	13,72,43,927	13,28,00,000	13,36,00,000	13,28,00,000	Closing balance.	9,49,98,791	12,67,57,152	8,97,39,791	11,80,95,791
TOTAL	23,22,26,079	24,27,07,152	22,75,98,791	22,25,39,791	TOTAL	23,22,26,079	24,27,07,152	22,75,98,791	22,25,39,791

B.—Railway Reserve Fund.

	Accounts, 1934-35.	Budget Estimate, 1935-36.	Revised Estimate, 1935-36.	Budget Estimate, 1936-37.		Accounts, 1934-35.	Budget Estimate, 1935-36.	Revised Estimate, 1935-36.	Budget Estimate, 1936-37.
	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.
Opening balance.	46,81,114	46,81,114	46,81,114	46,81,114	Appropriation from Re- serve Fund.	...	...	...	...
Appropri- ation to Reserve Fund.	...	...	...	...	Closing balance.	46,81,114	46,81,114	46,81,114	46,81,114
TOTAL	46,81,114	46,81,114	46,81,114	46,81,114	TOTAL	46,81,114	46,81,114	46,81,114	46,81,114

Speech by the Hon'ble Sir Gathrie Russell, Chief Commissioner of Railways, in presenting the Railway Budget for 1936-37 in Council of State.

Sir, I have the honour to present the statement of estimated revenue and expenditure of the Governor General in Council in respect of railways. I regret that, this year, once more, the picture that I have to present is a gloomy one,—far gloomier than any of our reasonable hopes led us to expect—but I would remind the House that in my last Budget speech I suggested that temporary setbacks must be expected, especially if events occurred outside India over which we have no control. I fear that we are now experiencing such a setback, but I think I shall be able to convince the House, by certain observations I shall have occasion to make later, that there are factors, quite beyond our powers to remedy, which have contributed to this setback.

2. In framing our revised estimate last year, we placed our total deficit at Rs. 4.24 crores, which included Rs. 1.85 crores for strategic lines. But the actuals turned out to be a good deal worse, the deficit amounting to Rs. 5.06 crores, including Rs. 1.95 crores on strategic lines. There was a most disappointing fall in traffic receipts during the last few weeks of the year, and, instead of realising our revised budget figure of Rs. 90.75 crores, we only attained Rs. 90.20 crores. In our revised estimate working expenses were placed at Rs. 50.10 crores; they actually amounted to a slightly higher figure, Rs. 50.27.

3. Last year, I remarked that we were justified in making our Budget estimate of earnings for 1935-36 with a spirit of optimism, and I told the House that we thought it might reasonably be placed at Rs. 93.50 crores, but I regret that our hopes have not materialized, and, so far as can be foreseen, we are not likely to exceed Rs. 90 crores, a figure which is Rs. 20 lakhs less than last year and 3.50 crores less than we hoped to get. There is, I fear, little comfort in my announcement, but at least this can be said regarding our revised figure; though it is so much less than we hoped to get, it is very little short of our actual attainment last year, and so does not represent a plunge back into that trough of depression during which our earnings fluctuated between Rs. 84.43 crores and 86.63 crores. If the figures of our earnings are placed on a graph, the curve this year will appear as having flattened out, instead of having risen as we hoped it would; but it has not declined steeply. The fact, however, remains that, instead of the comparatively small deficit of less than 2 crores, which we anticipated, we now expect a gap of 4.54 crores, which is only about .52 crore less than the deficit of 1934-35.

4. Naturally, with this disappointment confronting us, we must make our estimate for 1936-37 with caution. We hope to stimulate our earnings somewhat by making certain adjustments in our rates and fares, but nothing we can do can have much effect on world causes, which are mainly responsible for the slowing down in our progress to more prosperous times. We are accordingly placing our estimate of gross earnings for the coming year 1936-37 at Rs. 91.25 crores, 1.25 crores better than the current year, and 2.25 crores less than our original estimate for the current year. If our estimate is realised we shall, at the end of next year, have a deficit of Rs. 3.44 crores, which includes 2 crores on strategic lines, as against 4.54 crores, the deficit anticipated this year.

5. Now a few words about our working expenses for the current year, and our estimate for the year 1936-37. Our budget for 1935-36 placed working expenses at 51.15 crores, a figure higher by about a crore than the previous year, mainly due to the abolition of the cut in pay. I need hardly say that the decrease in earnings has been a matter of very great concern to all of us, and we have throughout the year been unremitting in our efforts to reduce expenditure. We have been able to attain some measure of success—to the extent of Rs. 40 lakhs, and our revised estimate is 50.75 crores as against Rs. 51.15 crores, the budgeted figure. Our budget estimate for the coming year's working expenses is placed at Rs. 51.25 crores, a modest increase of Rs. 50 crore in anticipation of a slight development in traffic.

6. In my remarks on net earnings last year, I emphasized that if the railways in India were in the position of a private concern, they would, in spite of trade depression, have money available for dividends, and the same is true this year. But as we have to meet fixed interest charges, there is the deficit I have already mentioned, and hence the criticisms broadcasted everywhere, that Indian Railways are insolvent. But insolvency is a relative term, and the insolvency of Indian Railways is prosperity compared with the British Railway Groups, some of which have not been able to pay a penny's dividend on their ordinary stocks for many years, or compared with certain American Rail-roads which I understand have actually been in the hands of the Receiver.

7. What is our position? Last year after we had set aside Rs. 13.72 crores for the depreciation fund, we realised Rs. 26.21 crores net traffic receipts, to which must be added about Rs. 53 lakhs miscellaneous receipts making a net revenue total of Rs. 26.74 crores. The corresponding figure this year is expected to be Rs. 26.83 crores, very slightly higher, and here again we may claim that the curve of our net revenue, though it has flattened instead of rising, has certainly not rushed down a declivity of further depression. Our budget figure for net revenue in the coming year is 27.67, again a very modest increase. I would point out that our expected net earnings figure this year still amounts to more than $3\frac{1}{2}$ per cent. of our capital at charge. Only recently I received from London, figures showing the net earnings of the four large British Railway Groups. In no case are these as much as 3 per cent. on their capital.

8. Our interest charges at Rs. 31.37 crores are expected to be slightly less than last year, and our deficit will be Rs. 4.54 crores. This will be met by borrowing from the depreciation fund, which at the beginning of the year stood at Rs. 9.50 crores; but as the contributions to the fund during the year are expected to be Rs. 13.26 crores, whereas the expenditure on renewals and replacements will only amount to Rs. 9.25 crores, the balance with the depreciation fund will still be about Rs. 9 crores when this adjustment has been made.

9. It has naturally been a great disappointment to us all that the hopes I held out last year that I should for 1936-37 be in a position to estimate for a small surplus for commercial and strategic lines, are not to be realised. I have already said how concerned we have been at the decline in our earnings, and I want now to tell the Council something about what we have been doing in regard to it. During the last summer we have twice had special conferences of Agents to discuss the position, and while they pointed out certain factors which were affecting earnings, and increasing working expenses, which I intend to comment on briefly later, they were

generally of opinion that the present phase was temporary—a level landing so to speak on an ascending staircase—and that it would not be unduly optimistic to hope for further ascent in our earnings in the future. We decided, as a result of these discussions, to get all railways to review their present financial position, and to forecast its future as far as possible, and, above all, to report to us what factors there were in their opinion beyond their control tending either to restrict earnings or increase working expenses. The result has been a collection of what we have called stock-taking reports, which have brought into strong relief certain very interesting facts, which, without perhaps being individually new, show very clearly, when presented in the aggregate, the difficulties—many of them artificial if I may use the term—under which railways are labouring. I propose now to say something about our stocktaking, and to deal in detail with some of our difficulties.

10. I feel that such remarks will be particularly appropriate as last year after the presentation of the Railway Budget an Honourable Member of this Council suggested to me that, as there were so few occasions on which Honourable Members had a chance of reviewing railway policy, an opportunity might be taken, when the Railway Budget was presented this year, of making a frank statement giving in some detail the main factors which were reacting on railway earnings, the cause and effect of these reactions and the steps which have been taken to counterbalance these adverse factors: this review to be followed by an appreciation of the possibility of an improvement of the position within the next few years.

11. I will now attempt to meet the wishes of the Honourable Member. It has first to be decided for what period the review should be made. I think the natural period to take is from 1924-25 to 1934-35, as it was from the former of these years that Railway revenues were separated from general revenues, and the latter is the last completed financial year. Further this period divides itself naturally into two parts,—the years from 1924-25 to 1929-30 which may be called the years of plenty, and the years 1930-31 to 1934-35 which may be called the years of scarcity.

12. What are the causes which have reduced Railway earnings from an average of about Rs. 101½ crores during the years of plenty to an average of just over Rs. 88½ crores during the years of scarcity? Different Honourable Members may have different ideas on some of the causes, but there are certain ones on which, I think, there can be no doubt whatsoever. I propose to take these first, and I would place them in the following order—

- (a) world conditions and the drop in commodity prices;
- (b) the tariff policy, not only of India, but of practically every other country in the world, many of which in the past were our best customers;
- (c) increased motor competition;
- (d) increased river and sea competition;

and I propose to deal with these causes and the effect they have had on Railway earnings in the order I have given.

13. India is still, despite her entrance into the industrial field, very largely an agricultural country, and her railways get a very large proportion of their revenues from the carriage of agricultural products. It may be taken as axiomatic that, if the price of any particular commodity drops, the acreage under that commodity will also drop. Cotton is probably our

most outstanding example of the cause and effect of a drop or increase in acreage. The cause is, as I have said, a drop or increase in the market price; the effect is a drop or increase in Railway earnings. I think it may also be said that high or low prices have a double effect on Railway earnings, as if the price of cotton rises normally the acreage within a particular area under food crops is reduced. Railways get the benefit of increased cotton traffic: they also get earnings from the import of food crops into the particular area. A drop in acreage has exactly the reverse effect. In a particular area the cotton crop being reduced makes available a larger acreage for the production of food crops and reduces the necessity for the inhabitants to import their foodstuffs. Therefore Railway earnings are reduced both from cotton and from food crops. As an example of how the acreage under cotton may vary, in 1925-26 the acreage was 28,491,000; in 1932 it dropped to 22,483,000 acres, or by just over 6 million acres. As to Railway earnings from this commodity, they dropped from 4½ crores in 1929 to Rs. 3½ crores in 1934-35, a drop for which Railways can in no way be held responsible.

14. Now take wheat. As Honourable Members are aware, India was at one time a large wheat exporting country. The last year in which there has been any considerable export of wheat was 1924-25. Due to the fall in prices, India since then has not been able to get into world parity, this despite the fact that India has been granted a preference under the Ottawa Agreement and that the North Western Railway are prepared to grant a rebate on railway freight of 25 per cent. on exports of wheat from Karachi to ex-Indian ports. There has been an increase in internal consumption from which Railways have possibly benefited, yet our earnings from this commodity have dropped by almost exactly Rs. 2 crores from 1924-25 to 1934-35.

15. Oilseeds are another example of a serious fall in traffic. This fall we believe has been increased by France, one of our best customers in the past, now endeavouring to develop the cultivation of groundnuts in her own African colonies. Traffic in oilseeds has dropped in the last 6 years by Rs. 1½ crores.

16. Jute is another commodity on which Railway earnings have dropped seriously, a very serious matter on such a line as the Eastern Bengal: which, in a normal year relies on jute for no less than 36 per cent. of its total goods earnings. During the prosperous period the average annual earnings were Rs. 156 lakhs. Since 1930-31 our earnings from this commodity have been Rs. 118 lakhs on an average. The fall in the earnings of the commodities I have mentioned more than account for what we anticipate will be our deficit this year.

17. India, in common with almost every country in the world, has during the past few years been endeavouring to safeguard her infant industries and to build up new industries by means of protective duties. Whatever may be the final results of this policy, the initial effect has been to reduce Railway earnings in the case of many of the protected commodities. To explain, many articles which are now manufactured in India had in the past to be distributed from the ports. This normally meant a long average lead with a large ton mileage. Nowadays with new industries springing up in various parts of the country, though Railways may carry the same tonnage, the average lead is less and the ton mileage has decreased. Railway earnings are in direct proportion to the ton mileage carried. I do not say for one moment that this is a state

of affairs which will continue indefinitely, for as the country becomes more prosperous and money more plentiful, the railways must get their share of the prosperity and the money available. I do not propose to attempt an estimate of the cost to Indian Railways of this position, but that it is considerable I have little doubt.

18. But far more serious than the causes, which I have already mentioned for the drop in Railway earnings, is the increase in motor competition. Through an increase in commodity prices we may hope to regain at least a portion of the traffic lost through this cause, and through an increase in India's industrial activities we may to some extent neutralize the effect of the protection policy on Railway earnings. But there would seem to be little chance of our being able to regain the traffic lost to the roads, unless rail and road transport are placed on a more equal footing. Railways have been constructed at an enormous cost: the capital at charge is, as Honourable Members are aware, close on Rs. 800 crores. Railways have to maintain their track and rolling stock to a high standard of efficiency: they have to pay interest on the capital invested: they have to put aside money for the depreciation of their assets: they are liable to pay compensation in the case of accidents: they are bound by fixed tariffs and have to run their trains to fixed schedules. For reasons of public safety the train staff on a railway must conform to a comparatively high standard of medical fitness. What are the obligations of the motor-transport owner as compared with those of Railways? His roads are provided for him. I do not think that it can be said that normally he is expected to maintain his motor bus or lorry up to a very high standard of efficiency, except possibly in the case of a few well-organized companies, of which there are at present very few. Nor, so far as I am aware, is a bus driver generally called upon to pass a suitable medical test before he gets his license. Passengers have little chance of receiving compensation for damages, except again in the case of large well-organized companies. The average motor bus owner is not compelled to notify his tariffs or run to a fixed schedule. He often takes what he can get, and he runs his motor bus or lorry when it suits him.

19. During the period of scarcity sea and river competition has increased. The reason for this is, I think, not far to seek. Ocean-going and river steam-ship companies have been affected in exactly the same way as Railways by the general world depression. They have had to look for traffic to make up the gap in their earnings. Railways in an attempt to retain this traffic have had to reduce their rates, and as a consequence their earnings have fallen.

20. I have so far dealt with factors which have affected our earnings. Are there any factors which have affected our working expenses? As a country advances it is normal that the standard of living should improve. This means an increase in wages. The increase in wages granted during days of plenty have increased Railway working expenses by somewhere in the neighbourhood of Rs. $\frac{1}{2}$ crore per annum. Within the past few years the Hours of Employment Regulations have been introduced on most of our major railways. This has caused a recurring expenditure of somewhere in the neighbourhood of Rs. $\frac{1}{2}$ crore per annum. The factors I have mentioned have reduced our gross earnings by about Rs. 8 crores per annum and increased our working expenses by about Rs. 1 crore. Allowing for increased expenditure for working the increased traffic the effect on our net earnings I would put at between 6 and 7 crores.

21. We have undoubtedly been fortunate that there has been a very considerable fall in fuel costs during the past few years. This is, of course, largely due to the fall in traffic and to the Fuel Economy campaign which has been carried on on all Railways, but it is also due to the fall in price of this commodity.

22. Now as to the future. What are the chances of another period of prosperity and what are Railways doing to hasten the coming of this? I do not think it can be said that signs of a world recovery are at present very bright. With wars and rumours of wars in the air this is not to be expected. But I am optimistic enough to believe that a recovery in trade cannot be indefinitely postponed and that this may be nearer than we expect. When this comes, I see no reason why we should not regain, if not all our lost ground, at least a large proportion of it. Then again, when the country has adjusted itself to the new conditions, and as new industries spring up, Railway earnings will also adjust themselves. This may be by an increase in the tonnage carried, which will neutralize the short lead on indigenous manufactures, or it may be that certain commodities may be able to bear higher rates and Railway earnings increased in this way. Put shortly, I believe there is a reasonable chance of our first two causes for the depressed state of Railway earnings being neutralized to a large extent.

23. Now I come to the possibility of neutralizing or combating what I have already said is the most serious of the causes which are affecting Railway earnings. If road competition is to continue on the same conditions as it is today, I can see no possibility of regaining the ground we have lost: in fact, I see every prospect of Railways losing further ground. No one wants to see motor buses or motor lorries driven off the road, or to put a stop to road construction. What Railways ask is that rail and road transport should operate under approximately similar conditions and that, so far as possible, they should be complementary to one another and not in uneconomic competition with each other. In the vast undeveloped areas of India there is still plenty of scope for development either by railways or roads. Where road transport will meet the needs of a particular undeveloped area, it is obvious that roads, not railways, should be built. But so far as can be seen, for many years to come Railways must form the backbone of the transport system of India. They must carry the heavy bulk traffic which, if the country is to prosper, must be carried at the lowest economic rates. If Railways are to pay their way and not to be a burden on the general taxpayer, they must get business—business not only in the lower-rated commodities, but business in the more valuable and highly-rated commodities. The greater the business they handle, the cheaper the rates they will be in a position to quote, and the more they will be able to assist in the development of the commerce and trade of India, which, after all, is the main function of any transport system. What is being done to stem the tide? The first real step was taken in 1933 at the Road-Rail Conference held in Simla in May of that year. As a direct result of this, the Transport Advisory Council was formed, at which representatives from the Provinces meet representatives of the Government of India and the problem is frankly discussed. In many Provinces a Board of Communications has been set up on which Railways are represented and at which road schemes are discussed. It is too early to say what will be the result of these efforts to get a co-ordinated policy, but I trust Honourable Members will agree that a step in the right direction has been taken. Apart altogether

from this, Railways are endeavouring by improved services to regain their lost traffic, but normally the basis of fares has to be pitched so low that there is little profit. I believe, however, that if motor transport were placed on a sound economic basis, and if a co-ordinated road construction policy were adopted, Railways could regain at least a considerable portion of their lost earnings and to that extent improve their financial position.

24. I have attempted to describe how Railway finances can be improved by a change in what we may call extraneous conditions. How can they be improved by action taken by the Railways themselves? As Honourable Members are aware, Railways have recently introduced revised scales of pay for new entrants to both the official and subordinate grades. These scales are expected to give a saving of about Rs. 3 crores per annum when they come into full operation. This saving can, of course, only be obtained by the efflux of time and will only have a very gradual effect on our working expenses. I have already shown how our staff were given a share of our profits in prosperous times, and I feel quite sure they will realise that in times of depression there is little scope for a further improvement in conditions. Railways are at present considering certain alterations in rates, which are expected to bring in about Rs. 1 crore of additional revenue. To the extent of Rs. 34 lakhs this is being obtained from an increase in terminal charges, which it has been found are, on certain Railways, lower than the terminal costs involved. A slight increase of $\frac{1}{4}$ pie per mile in third class fares on the Burma Railways, excluding the suburban areas, and on the North Western Railway for distances between 51 and 300 miles is expected to yield about Rs. 18 lakhs. The other improvements we hope for are due to a slight enhancement of rates on various Railways in respect of goods rates on certain commodities.

25. We shall shortly be seeking the co-operation of Honourable Members in our endeavours to stop the serious loss of revenue due to ticketless travel. The latest figures we have received from the principal Railways estimate the loss from such ticketless travel at about Rs. 50 lakhs per annum. Railways have been pressing for legislation to stop this evil for many years past. The Government of India, however, decided that before introducing legislation, every practical method of stopping the evil without legislation should be explored. I think we can claim that every practical method has been tried, but the extent of ticketless travel is believed to be to-day greater than ever before, and Government have come to the conclusion that there is no alternative but to take action by making the lot of the transgressor less easy and comfortable than it is at present. We propose to discuss this question with the Central Advisory Council for Railways this week and I trust we shall have both their support and the wholehearted co-operation of this House in enacting during the course of this Session legislation which will enable us to cope sufficiently with the evil.

26. Now I come to the most difficult part of my task. I have said that I believe there are chances of Railway earnings, given certain conditions, improving in the reasonably near future. Is it possible to translate this belief into figures? For 1936-37, Honourable Members will have noticed that we have not allowed for any large increase of traffic and except that increases in earnings will be obtained mainly through increased rates and, we hope, the stoppage or partial stoppage of ticketless travel. I think, however, that it would not be too optimistic to say that there

is every chance of our earnings within the next five years being in a position to meet all our charges, namely, working expenses, interest charges and full allocation to the Depreciation Fund, though I must confess there appears to be little hope within this period of our resuming our contribution to general revenues. Beyond this period I do not think it is safe to make any forecast, as no one can say definitely what the future holds for us. Honourable Members know that our anticipations of increased traffic for the current year have not been fulfilled, though at the time when we framed our Budget, earnings undoubtedly appeared to be on the upward grade. It is quite possible that for next year we have been too conservative in our estimates, and that when the Budget for 1937-38 is presented we shall have to confess to the House that again our estimates have been falsified, but let us hope it will be in the reverse direction.

The picture I have presented may not appear to be very pleasing, but if Honourable Members will compare the net return on capital of Indian Railways with that of Railways in other parts of the world I think they will find that Indian Railways do not show up too badly. Again, the index of efficient working is the operating ratio. Here again, very few Railways throughout the world can claim to have as low an operating ratio as Indian Railways.

27. I must say a few words in regard to our works programme next year.

As is only to be expected our capital and depreciation fund outlay is to be a modest one. Last year we provided Rs. 15½ crores and originally this year we fixed the figures at Rs. 12 crores, but as we hoped for a further reduction of Rs. 58 crore in our Stores Balances and we considered that, judging by past experience, it was improbable that the whole of the balance left would be expended, we finally placed our figure at Rs. 10.25 crores. Of this amount Rs. 7 crores will be drawn from the depreciation fund and Rs. 3.25 crores will be additional capital. No actual new projects will be undertaken, but there will be Rs. 24 crore devoted to the continuation of new works already under construction, including the Megna Bridge in Bengal which, when completed, will provide an important link in the metre gauge railways serving north-eastern Bengal and Assam. 22 lakhs are to be provided for this work. We have still to spend money to restore the damage occasioned by the earthquake in Bihar early in 1934, and we have still to continue the protective works to secure the Hardinge Bridge. It is estimated that Rs. 19 lakhs will be devoted to this, of which Rs. 15 lakhs are to be found from the annual instalment from revenue earmarked for the purpose. An instalment of Rs. 12 lakhs is being allotted for the reconstruction work at Quetta. The total amount, which will be required for this, is estimated at about Rs. 52 crore. We are devoting Rs. 5 crores to track renewals and Rs. 67 crore to Bridge renewals, and Rs. 2.44 crores to other structural works. Rolling stock is estimated to cost Rs. 3.18 crores, of which locomotives and boilers account for .78, coaching stock 1.79 and wagons .61. The total number of wagons ordered amounts to 1,200, of which 750 are broad gauge general service wagons to be added to the general pool. All these wagons are replacements of wagons scrapped or to be scrapped. Practically none are additions; for, owing to the unexpected fall in traffic, we have been compelled to review our wagon renewal programme and we have had to curtail our purchases drastically.

28. In conclusion, Sir, I must once more bring to the notice of the Council the loyal and valuable service rendered to Indian Railways by Agents, officers and staff of the various railway administrations that go to make up our great railway system. I am afraid at times of depression such as we are now passing through, when criticism, often more clamant than just, is only too common, it is not generally realised that the burden of railwaymen, never very light, is heavier than ever. When things are prosperous on the railways; when, so to speak, the busy season is on, it is fairly well known that railwaymen are called upon to put forth strenuous efforts to meet public demands: what is perhaps not so well appreciated and what I wish to stress with all the emphasis at my command, is that any reduction of traffic, so far from decreasing the railwaymen's work, increases it, and calls also for high character and courage. It is perhaps easy to do well when things are going prosperously. It is, however, much harder to work strenuously during times of depression when everything is apt to discourage, and when one's work consists chiefly of the negative, uninspiring process of trying to curtail expenditure. During the last six years our railwaymen have never taken a rest from their activities in the pursuit of economy; the pressure upon them has been constant and relentless. I think what I have already said shows clearly that we must not hope for any immediate spectacular increase in our earnings, as this is a matter generally beyond the control of railways; but I feel on the other hand that the decrease that we have effected in our working expenses, which has amounted to as much as Rs. 6 crores at one period, a reduction of well over 10 per cent., is an achievement on which our railway administrations may feel justly proud and it is on these grounds that I should like, before resuming my seat, to appeal to the Council for some measure of gratitude to our railway staff.

Details of Voted and Non-Voted amounts included in the Demands for Grants (Railways) for the year 1936-37.

Number of demand.	Name of Demand.	Amount.		
		Voted.	Non-voted.	Total.
		Rs.	Rs.	Rs.
1	Railway Board	8,80,000	4,50,000	13,30,000
2	Audit	14,30,000	2,70,000	17,00,000
3	Miscellaneous expenditure . .	11,40,000	12,80,000	24,20,000
4	Refunds	12,00,000	..	12,00,000
5	Payments to Indian States and companies . .	3,07,50,000	..	3,07,50,000
6-A	Working expenses—Maintenance of structural works	8,87,00,000	33,00,000	9,00,00,000
6-B	Working expenses—Maintenance and supply of locomotive power . .	16,80,25,000	16,75,000	16,96,00,000
6-C	Working expenses—Maintenance of carriage and wagon stock	6,19,00,000	9,00,000	6,28,00,000
6-D	Working expenses—Maintenance of ferry steamers and harbours	28,75,000	25,000	29,00,000
6-E	Working expenses—Expenses of Traffic Department . .	10,80,00,000	18,00,000	10,98,00,000
6-F	Working expenses—Expenses of General Departments . .	4,65,25,000	23,50,000	4,88,75,000
6-G	Working expenses—Miscellaneous expenses	4,22,00,000	13,00,000	4,35,00,000
6-H	Working expenses—Electric Service Department . .	1,19,25,000	1,00,000	1,20,25,000
7	Working Expenses—Appropriation to Depreciation Fund	13,28,00,000	..	13,28,00,000
8	Interest charges	2,68,000	31 08,68,000	31,11,36,000
9	Temporary withdrawals from Depreciation Fund	3,44,44,000	..	3,44,44,000
10	Appropriation to Reserve . .	..	..	..
10A	Withdrawal from Reserve . .	..	..	..
11	New construction	23,60,000	5,000	23,65,000
12	Open Line Works	9,99,90,000	1,45,000	10,01,35,000

Appendix A.—Working Expenses and other Revenue charges relating to Strategic Lines.

Appendix B.—Expenditure on Open Line Works relating to Strategic Lines.

BUDGET

of the

Railway Revenue and Expenditure of the Governor-General in Council, February 1936.

RAILWAY DEPARTMENT;

New Delhi, 27th February 1936.

P. R. RAU,

Financial Commissioner of Railways.

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I.—Statement of the Revenue of the Central

HEADS OF REVENUE.	ACCOUNTS, 1934-35.				REVISED ESTIMATE,	
	India.	England.	Exchange.	TOTAL.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
XI.—State Railways—						
(a) Commercial lines—						
Gross receipts—						
Passenger traffic earnings—						
Upper class . . .	3,11,71,870	...	...	3,11,71,870	3,13,50,000	...
Third class . . .	24,43,78,000	...	...	24,43,78,000	24,79,00,000	...
Other coaching traffic earnings.	4,82,70,755	...	...	4,82,70,755	4,90,00,000	...
Goods traffic earnings .	60,29,78,971	...	...	60,29,78,971	59,59,00,000	...
Sundry earnings . . .	1,60,80,144	2,512	—8	1,60,82,649	1,73,28,000	2,000
Credits for materials released from works chargeable to the Depreciation Fund .	88,67,205	...	...	88,67,205	1,06,00,000	...
TOTAL EARNINGS .	95,15,46,954	2,512	—8	95,15,49,458	95,30,78,000	2,000
Deduct—						
Refunds of Revenue collected.	12,19,139	...	...	12,19,139	11,80,000	...
Earnings of State Railways.	95,03,27,815	2,512	—8	95,03,30,319	95,08,98,000	2,000
Suspense . . .	8,52,310	...	...	8,52,310	...	...
Gross receipts of State Railways.	95,11,80,125	2,512	—8	(a) 95,11,82,629	95,08,98,000	2,000
Deduct—						
Working expenses of State Railways.	44,31,03,876	44,60,431	—11,527	(b) 64,75,52,730	64,24,85,000	42,62,000
Surplus profits paid to Indian States and railway companies.	61,12,492	...	...	61,12,492	51,50,000	...
Payments to worked lines—						
(i) Net earnings . . .	3,62,37,430	4,01,000	—347	3,66,37,033	2,55,00,000	4,00,900
(ii) Subsidy, Rebate, etc.	10,63,052	...	...	10,63,052	11,90,000	...
Net receipts . . .	27,48,84,275	—48,57,919	11,606	26,93,18,223	27,65,73,000	—46,60,000
(b) Strategic lines—						
Gross receipts . . .	1,26,90,055	...	...	1,26,90,055	1,29,20,000	...
Deduct—						
Refunds of Revenue collected.	19,776	...	...	19,776	20,000	...
Working expenses . . .	1,89,79,093	...	...	1,89,79,093	2,06,76,000	...
Net receipts . . .	—63,08,813	...	...	—63,08,813	—77,75,000	...
Total net receipts, Commercial and Strategic lines.	26,83,55,463	—48,57,919	11,606	26,35,09,449	26,87,98,000	—46,60,000
XII.—Subsidized Companies—						
Government share of surplus profits, etc.	20,29,231	1,29,201	—371	21,58,061	21,61,000	1,40,000
XII-A.—Miscellaneous Railway Receipts—						
(a) Commercial lines—						
Interest on Depreciation Reserve and Reserve Fund balances.	39,32,203	...	...	39,32,203	37,16,000	...
Dividend on investments in branch lines and other Miscellaneous Receipts.	25,76,659	...	...	25,76,659	32,00,000	...
(b) Strategic lines—						
Interest on Depreciation Fund balances.	8,82,440	...	...	8,82,440	9,39,000	...
TOTAL RECEIPTS .	27,77,76,994	—47,28,718	11,495	27,30,58,771	27,88,14,000	—45,20,000
XII-B.—Transfers from Railway Reserve Fund.	...	...	...	...	...	...
XII-C.—Withdrawal of sums deposited on account of the Railway Depreciation Fund.	5,06,25,426	...	...	5,06,25,426	4,53,59,000	...
TOTAL .	32,84,01,420	—47,28,718	11,495	32,36,84,197	32,41,73,000	—45,20,000

(a) Includes Rs. 5,28,44,000 earnings

(b) Includes Rs. 2,88,07,000 working

(c) Includes Rs. 5,28,00,000 earnings

(d) Includes Rs. 2,73,00,000 working

(e) Includes Rs. 5,23,00,000 earnings

(f) Includes Rs. 2,70,00,000, working

Government from Railways in India and England.

1935-36.			BUDGET ESTIMATE, 1936-37.				Increase (+) Decrease (-) as compared with Revised, 1935-36.
Exchange.	TOTAL.	Increase (+) Decrease (-) as compared with Budget, 1935-36.	India.	England.	Exchange.	TOTAL.	
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
...	3,13,50,000	+7,50,000	3,16,50,000	...	...	3,16,50,000	+3,00,000
...	24,79,00,000	+49,00,000	24,95,50,000	...	...	24,95,50,000	+16,50,000
...	4,90,00,000	+3,00,000	4,90,00,000	...	...	4,90,00,000	...
...	59,59,00,000	-4,32,00,000	60,47,00,000	...	...	60,47,00,000	+88,00,000
...	1,73,30,000	+15,30,000	1,51,53,000	2,000	...	1,81,55,000	+8,55,000
...	1,06,00,000	+9,00,000	97,00,000	...	...	97,00,000	-9,00,000
...	95,20,80,000	-3,48,20,000	96,27,83,000	2,000	...	96,27,85,000	+1,07,05,000
...	11,80,000	-10,000	11,85,000	...	...	11,85,000	+5,000
...	95,09,00,000	-3,48,10,000	96,15,98,000	2,000	...	96,16,00,000	+1,07,00,000
...	...	...	...	...	...	...	...
...	(c) 95,09,000	3,48,10,000	96,15,98,000	2,000	...	(c) 96,16,00,000	+1,07,00,000
-22,000	(d) 34,67,200	-44,75,000	64,71,65,000	42,65,000	...	(f) 64,14,80,000*	+47,05,000
...	51,50,000	-4,50,000	80,00,000	...	...	30,00,000	-21,50,000
-2,000	2,58,98,000	-15,02,000	2,52,00,000	4,00,000	...	2,56,00,000	-2,98,000
...	11,90,000	-1,40,000	13,70,000	...	...	13,70,000	+1,80,000
24,000	27,19,37,000	-2,82,43,000	28,48,63,000	-48,63,000	...	28,03,00,000	+82,63,000
...	1,29,20,000	-8,80,000	1,31,15,000	...	...	1,31,15,000	+1,95,000
...	20,000	+10,000	15,000	...	...	15,000	-5,000
...	2,08,75,000	+75,000	2,08,70,000	...	...	2,08,70,000	+1,95,000
...	-77,75,000	-9,65,000	-77,70,000	...	...	-77,70,000	+5,000
24,000	26,41,63,000	-2,92,08,000	27,70,93,000	-46,63,000	...	27,24,30,000	+82,68,000
-1,000	23,00,000	+2,00,000	20,93,000	1,07,000	...	22,00,000	-1,00,000
...	37,16,000	-11,43,000	41,06,000	...	...	41,06,000	+3,90,000
...	33,00,000	+9,00,000	32,00,000	...	...	33,00,000	...
...	9,89,000	-27,000	9,86,000	...	...	9,86,000	+47,000
23,000	27,43,17,000	-2,92,78,000	28,74,78,000	-45,56,000	...	28,39,22,000	+86,05,000
...	...	...	...	...	...	...	...
...	4,53,59,000	+2,64,08,000	3,44,44,000	...	...	3,44,44,000	-1,09,15,000
23,000	81,66,76,000	-28,69,000	82,19,23,000	-45,56,000	...	81,73,66,000	-23,10,000

* Rs. 100 reduced by the Legislative Assembly has not been restored by the Governor General in Council, but the figures has been shown in the statement in round thousands as usual.

of worked lines.
expenses of worked lines.
expenses of worked lines.
expenses of worked lines.
expenses of worked lines.

2.—Statement of the Expenditure on Railways charged to

HEADS OF EXPENDITURE.	ACCOUNTS, 1934-35.				REVISED ESTIMATE,	
	India.	England.	Exchange.	TOTAL.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
10. State Railways—						
(a) Commercial lines—						
Interest—						
on Government capital at charge	17,91,34,467	11,28,81,788	—3,30,831	29,16,85,424	17,65,91,000	11,18,20,000
on capital contributed by Indian States and Companies.	3,33,935	1,20,00,815	—37,768	1,23,96,982	3,11,000	1,19,01,000
Total interest, commercial lines .	17,94,68,402	12,48,82,603	—3,68,599	30,39,22,406	17,69,02,000	12,37,21,000
(b) Strategic lines—						
Interest on capital at charge .	1,40,23,364	...	...	1,40,23,364	1,37,44,000	...
TOTAL INTEREST	19,34,91,766	12,48,82,603	—3,68,599	31,80,05,770	19,06,46,000	12,37,21,000
11. Subsidized Companies—						
Land	29,652	...	...	29,652	1,30,000	...
Subsidy	5,42,982	...	...	5,42,982	5,10,000	...
12. Miscellaneous Railway expenditure—						
Commercial lines	41,60,899	9,19,868	—2,629	50,84,138	44,26,000	8,66,000
Strategic lines	21,655	...	..	21,655	23,000	...
Payments to general revenues—						
Contribution	...	...	...	...	...	...
12A. Surplus Railway Revenue transferred to Railway Reserve Fund.						
TOTAL	19,82,52,954	12,58,02,471	—3,71,228	32,36,84,197	19,67,34,000	12,45,87,000

the Revenue of the Central Government in India and in England.

1935-36			BUDGET ESTIMATE, 1936-37.				
Exchange.	TOTAL.	Increase (+) Decrease (—) as compared with Budget, 1935-36.	India.	England.	Exchange.	TOTAL.	Increase (+) Decrease (—) as compared with Revised, 1935-36.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
—5,79,000	28,78,32,000	—29,27,000	17,83,03,000	10,92,12,000	...	28,54,15,000	—24,17,000
—62,000	1,21,50,000	—68,000	2,96,000	1,18,43,000	...	1,21,39,000	—11,000
—6,41,000	29,99,82,000	—29,83,000	17,84,99,000	12,10,55,000	...	29,75,54,000	—24,38,000
...	1,37,44,000	—1,41,000	1,35,83,000	...	...	1,35,83,000	—1,63,000
—6,41,000	31,37,26,000	—31,34,000	19,00,81,000	12,10,55,000	...	31,11,36,000	—25,90,000
...	1,30,000	—70,000	90,000	...	...	90,000	—40,000
...	5,10,000	+ 2,15,000	7,80,000	...	...	7,80,000	+ 2,70,000
—4,000	53,88,000	+ 1,23,000	44,79,000	8,56,000	...	53,85,000*	+ 47,000
...	22,000	—3,000	25,000	...	...	25,000	+ 3,000
...	...	...	...	...	...	...	...
...	...	...	...	...	...	...	...
—6,45,000	31,96,76,000	—28,69,000	19,54,55,000	12,19,11,000	...	31,73,66,000	—28,10,000

*Rs. 300 reduced by the Legislative Assembly has not been restored by the Governor General in Council; but the figures has been shown in the statement in round thousands as usual.

2(a).—Contribution from Railway to General Revenues, 1935-36.

(Based on actuals, 1933-34.)

	Rs.	Rs.
1. 1 per cent. on capital of 7,20,70,41,616 at charge, commercial lines		7,20,70,416
2. (i) Receipts—Commercial lines—		
Gross traffic receipts	66,56,28,052	
Subsidised Companies' share of surplus profits etc.	18,28,017	
Interest on Depreciation and Reserve Fund balances	48,81,339	
Dividend on investments in branch lines and other miscellaneous receipts	12,87,500	
(ii) Charges—Commercial lines—		87,35,24,914
Working expenses	61,20,62,088	
Indian States and Railway Companies' share of surplus profits	50,65,149	
Interest—		
on capital at charge	29,85,24,925	
on capital contributed by Indian States and Companies	1,28,56,880	
Land and subsidy	7,50,840	
Miscellaneous railway expenditure	38,14,821	
Contribution at 1 per cent. on capital at charge	7,20,70,416	1,00,57,45,699
(iii) Deficit		13,22,20,785
(iv) Contribution of one-fifth of surplus		...
3. (i) Total contribution from railway revenues [1 plus 2 (iv)]	...	7,20,70,416
Deduct—Loss on strategic lines borne by railway revenues—		
(i) Interest on capital	1,44,15,552	
(ii) Loss in working	50,67,404	
(iii) Interest on the amount of loss in working met from Depreciation Reserve Fund of Commercial lines.	26,93,342	2,21,76,398
(ii) Net payment due from railway to general revenues in 1935-36	...	4,98,94,118

2(a).—Contribution from Railway to General Revenues, 1936-37.

(Based on actuals, 1934-35.)

	Rs.	Rs.
1. 1 per cent. on capital of 7,31,56,13,887 at charge, commercial lines		7,21,56,139
2. (i) Receipts—Commercial Lines—		
Gross traffic receipts	95,11,83,639	
Subsidised Companies' share of surplus profits	21,58,061	
Interest on Depreciation and Reserve Fund/balances	89,32,202	
Dividend on investments in branch lines and other miscellaneous receipts	25,76,659	
(ii) Charges—Commercial Lines—		95,98,46,551
Working expenses	64,75,52,780	
Payment to worked lines	2,76,99,135	
Indian States and Railway Companies' share of surplus profits	61,12,492	
Interest—		
on capital at charge	29,16,85,424	
on capital contributed by Indian States and Companies	1,22,96,982	
Land and subsidy	5,72,034	
Miscellaneous railway expenditure	50,84,138	
Contribution at 1 per cent. on capital at charge	7,21,56,139	
		1,06,31,59,734
(iii) Deficit		10,38,10,173
(iv) Contribution of one-fifth of surplus		...
8. (i) Total contribution from railway revenues [1 plus 2 (iv)]	...	7,21,56,139
Deduct—Loss on strategic lines borne by railway revenues—		
(i) Interest on capital	1,40,23,364	
(ii) Loss in working	54,48,028	
(iii) Interest on the amount of loss in working met from Depreciation Reserve Fund of commercial lines	85,92,073	2,30,63,465
(ii) Net payment due from railway to general revenues in 1936-37	...	4,00,02,674

3.—Statement of the Capital Expenditure of the

HEADS OF EXPENDITURE.	ACCOUNTS, 1934-35.				REVISED ESTIMATE,	
	India.	England.	Exchange.	TOTAL	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Railway Capital not charged to Revenue:—						
53.—Construction of State Railways:—						
(a) Commercial Lines—						
Open Line Works—						
Rolling Stock				—72,76,000		
Other Works				1,85,85,108		
New Construction . . .				18,33,000		
Suspense				—74,98,000		
Miscellaneous				—16,58,000		
Probable savings				...		
Emergency deductions from pay				—3,78,000		
TOTAL	—99,08,779	1,46,25,287	—40,400	45,88,108	8,89,000	1,72,00,000
(b) Strategic Lines—						
Open Line Works—						
Rolling Stock				5,04,000		
Other Works				—11,45,958		
New Construction . . .				...		
Suspense				—11,16,000		
Emergency deductions from pay.				—4,000		
TOTAL	—17,01,958	...	...	—17,01,958	—3,00,000	...
TOTAL COMMERCIAL AND STRATEGIC LINES	—1,17,00,737	1,46,25,287	—40,400	(a) 28,84,150	8,89,000	1,72,00,000
53-C.—Discharge of Debentures . . .	...	40,00,000	—13,842	39,86,158	...	...

(a) Includes Rs. 8,71,898 representing refund of advances to Rohilkhand and Kumaon Railway Company.

Central Government in India and England on Railways.

1935-36.			BUDGET ESTIMATE, 1936-37.				Increase (+) Decrease (—) as compared with Revised, 1935-36.
Exchange.	TOTAL.	Increase (+) Decrease (—) as compared with Budget, 1935-36.	India.	England.	Exchange.	TOTAL.	
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
	—38,51,000	—1,28,98,000				75,31,000	+1,13,72,000
	2,00,45,000	—2,51,58,000				3,15,85,000	+1,15,10,000
	26,00,000	...				23,05,000	—2,35,000
	—57,25,000	+11,75,000				—54,00,000	+3,25,000
	47,41,000	+3,41,000				2,00,000	—45,41,000
	...	...				—55,00,000	—55,00,000
	—10,000	+40,000				...	+10,000
—80,000	1,78,00,000	+3,68,00,000	1,35,71,000	1,72,00,000	...	3,07,71,000	+1,39,71,000
	—1,00,000	+4,43,000				—3,32,000	—2,32,000
	75,000	—13,68,000				24,61,000	+23,60,000
	...	...				...	...
	—2,75,000	+25,000				—4,00,000	—1,35,000
	...	...				...	...
...	—3,00,000	—0,00,000	17,20,000	...	...	17,20,000	+20,20,000
—69,000	1,75,00,000	—3,75,00,000	1,53,00,000	1,72,00,000	...	3,25,00,000	+1,50,00,000
...	...	...					

A.—Railway Depreciation Reserve Fund.

	Accounts, 1934-35.	Budget Estimate, 1935-36.	Revised Estimate, 1935-36.	Budget Estimate, 1936-37.		Accounts, 1934-35.	Budget Estimate, 1935-36.	Revised Estimate, 1935-36.	Budget Estimate, 1936-37.
	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.
Opening balance.	9,49,83,152	10,99,07,152	9,49,98,791	8,97,39,791	Appropriation from Depreciation Reserve Fund.	13,72,27,288	11,39,50,000	13,78,59,000	10,44,44,000
Appropriation to Depreciation Reserve Fund.	13,72,42,927	13,28,00,000	13,28,00,000	13,28,00,000	Closing balance.	9,49,98,791	12,87,57,152	8,97,39,791	11,80,89,791
TOTAL	23,22,26,079	24,27,07,152	22,75,98,791	22,25,39,791	TOTAL	23,22,26,079	24,27,07,152	22,75,98,791	22,25,39,791

B.—Railway Reserve Fund.

	Accounts, 1934-35.	Budget Estimate, 1935-36.	Revised Estimate, 1935-36.	Budget Estimate, 1936-37.		Accounts, 1934-35.	Budget Estimate, 1935-36.	Revised Estimate, 1935-36.	Budget Estimate, 1936-37.
	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.
Opening balance.	46,81,114	46,81,114	46,81,114	46,81,114	Appropriation from Re- serve Fund.	...	...	...	...
Appropriation to Reserve Fund.	...	...	...	...	Closing balance.	46,81,114	46,81,114	46,81,114	46,81,114
TOTAL	46,81,114	46,81,114	46,81,114	46,81,114	TOTAL	46,81,114	46,81,114	46,81,114	46,81,114

Commercial and Strategic lines together.

(Figures in lakhs of rupees.)

		1924-25.		1925-26.		1926-27.		1927-28.		1928-29.		1929-30.		1930-31.		1931-32.		1932-33.		1933-34.		1934-35.		1935-36.		1936-37.	
Mileage	{ State-owned Worked lines	M.	M.	M.	M.	M.	M.	M.	M.	M.	M.	M.	M.	M.	M.	M.	M.	M.	M.	M.	M.	M.	M.	M.	M.	M.	M.
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Gross traffic receipts.	{ State-owned	1,00,13	98,94	98,42	1,03,43	1,03,73	1,02,70	95,10	86,63	84,43	81,642	81,640	81,642	81,642	81,642	81,642	81,642	81,642	81,642	81,642	81,642	81,642	81,642	81,642	81,642	81,642	81,642
	{ Worked lines	7,34	7,12	6,77	7,18	7,27	6,47	4,99	5,07	4,86	4,86	4,86	4,86	4,86	4,86	4,86	4,86	4,86	4,86	4,86	4,86	4,86	4,86	4,86	4,86	4,86	4,86
	{ State owned	51,65	52,99	52,89	53,06	54,22	55,59	54,39	49,31	49,08	49,08	49,08	49,08	49,08	49,08	49,08	49,08	49,08	49,08	49,08	49,08	49,08	49,08	49,08	49,08	49,08	49,08
Operating expenses	{ Worked lines	3,70	3,57	3,33	3,53	3,63	3,30	2,66	2,63	2,49	2,63	2,49	2,63	2,49	2,63	2,49	2,63	2,49	2,63	2,49	2,63	2,49	2,63	2,49	2,63	2,49	2,63
Depreciation Fund		10,35	10,67	10,89	11,38	12,00	12,59	13,07	13,46	13,77	13,77	13,46	13,77	13,77	13,77	13,77	13,77	13,77	13,77	13,77	13,77	13,77	13,77	13,77	13,77	13,77	13,77
Payments to worked lines		3,64	3,55	3,44	3,65	3,64	3,17	2,33	2,44	2,37	2,53	2,44	2,37	2,53	2,44	2,37	2,53	2,44	2,37	2,53	2,44	2,37	2,53	2,44	2,37	2,53	2,44
Net Traffic receipts (State lines.)		38,13	35,28	34,64	38,99	37,51	34,52	27,64	23,86	23,86	21,58	23,86	21,58	23,86	21,58	23,86	21,58	23,86	21,58	23,86	21,58	23,86	21,58	23,86	21,58	23,86	21,58
Net Miscellaneous receipts after deducting miscellaneous charges and surplus profits payable to companies.		-1,07	-1,19	-1,27	-87	-37	-2	-11	1	1,10	1,05	53	84	95	85	84	95	85	84	95	85	84	95	85	84	95	85
Net revenue		37,06	34,09	33,37	38,12	37,14	34,50	27,53	23,87	23,87	22,68	23,87	22,68	23,87	22,68	23,87	22,68	23,87	22,68	23,87	22,68	23,87	22,68	23,87	22,68	23,87	22,68
Interest charges		23,90	24,81	25,87	27,27	28,33	30,46	32,72	33,07	33,07	32,91	33,07	32,91	33,07	32,91	33,07	32,91	33,07	32,91	33,07	32,91	33,07	32,91	33,07	32,91	33,07	32,91
Surplus		13,16	9,28	7,50	10,85	7,81	4,04	-5,19	-9,20	-9,20	-10,23	-9,20	-10,23	-9,20	-10,23	-9,20	-10,23	-9,20	-10,23	-9,20	-10,23	-9,20	-10,23	-9,20	-10,23	-9,20	-10,23
Paid as contribution to general revenues.		6,78	5,49	6,01	6,28	5,23	6,12	5,74	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Transferred to reserve.	to railway reserve.	6,38	3,79	1,49	4,57	2,58	-2,08	-10,93	-4,95	-4,95	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..

NOTE 1.—The balance of the loss in 1931-32 and the total loss in the following years have been, or will be, met by temporary borrowings from the Depreciation Fund.

NOTE 2.—Credits for material released from works not charged to revenue were taken in reduction of operating expenses up to 1931-32. From 1932-33 onwards they have been added to receipts and are included in net miscellaneous receipts. The amounts involved are as follows: in 1932-33 and 1933-34, 119 lakhs each; in 1931-35, 90 lakhs; and the estimates for 1935-36 and 1936-37 are 110 and 100 lakhs respectively.

NOTE 3.—Working expenses were reduced in 1930-31 by 166 lakhs by a credit from the Depreciation Fund for correction of past accounting adjustments; and in 1924-25 by 180 lakhs by certain abnormal refunds of expenditure in previous years.

Explanatory Memorandum of the Railway Budget for 1936-37.

PART I.

Commercial and Strategic Lines together.

Summary of Results.

1934-35.

In framing our revised estimate for 1934-35 this time last year, we put our total deficit at 4·24 crores (including 1·85 crores for strategic railways). The actual results were far worse: the deficit amounted to 5·06 crores of which 1·95 crores was on strategic lines. The difference is mainly due to receipts in the last few weeks of the year proving much below expectations. From about the middle of February 1935 the traffic took a downward tendency which has continued practically throughout the year.

The expenditure from the depreciation fund was about $\frac{3}{4}$ of a crore higher than anticipated, mainly as a result of more assets being scrapped without replacement. The consequent depletion of the depreciation fund balance is of course counterbalanced by a reduction in the capital at charge. The actual balance at the credit of the fund at the end of the year, after withdrawing 5 crores for meeting the deficit during the year, amounted to $9\frac{1}{2}$ crores and was exactly the same as the opening balance. The nominal balance, including temporary loans amounting to $27\frac{1}{2}$ crores to meet the deficit from 1931-32 onwards, is 37 crores.

1935-36.

2. The continued fall in traffic earnings since February last has made our somewhat optimistic anticipations seriously out. Instead of the comparatively small deficit originally anticipated of less than 2 crores, we now expect a deficit of a little over $4\frac{1}{2}$ crores.

The traffic receipts of State-owned lines are estimated at 90 crores, 20 lakhs less than last year and $3\frac{1}{2}$ crores less than our original estimate.

Net traffic receipts after meeting working expenses including depreciation are expected to be 26 crores or about a quarter of a crore less than last year. Adding miscellaneous receipts and deducting miscellaneous expenditure, we estimate the total net revenues of all State-owned railways at $26\frac{3}{4}$ crores, practically the same as in 1934-35. Interest charges are down by nearly half a crore and the net deficit will be $4\frac{1}{2}$ crores or about $\frac{1}{2}$ crore less than in 1934-35.

The deficit on commercial lines alone will be $2\frac{1}{2}$ crores. Last year it was over 3 crores.

The expenditure on renewals and replacements chargeable to the depreciation fund is now expected to be $9\frac{1}{2}$ crores which is 4 crores less than the contribution from revenues to the fund. As the deficit which will be met by borrowing from the fund is $4\frac{1}{2}$ crores, the net result will be that the actual balance in the fund, which was $9\frac{1}{2}$ crores at the beginning of the year will be about 9 crores at the end of the year.

1936-37.

3. Though we expect to end the year 1935-36 slightly better than the previous year, the improvement is not due to better receipts but is purely due to a saving in interest charges. In 1936-37 we hope for a small improvement in receipts, partly through various alterations in rates and fares that Railways have effected and are contemplating in the near future. If our expectations are realised, the total loss (including two crores on strategic lines) will be slightly under $3\frac{1}{2}$ crores.

We expect gross traffic receipts of all State-owned lines to be $1\frac{1}{4}$ crores better than the current year and to amount to $91\frac{1}{4}$ crores. We have allowed for an increase of half a crore in net working expenses and the net traffic receipts will, we expect, stand at $26\frac{3}{4}$ crores, an improvement of $\frac{3}{4}$ crore as compared with the current year. With a small increase in miscellaneous receipts and a further fall in interest charges, the final result is, so far as we can foresee, likely to be a deficit of 3.44 crores as against 4.54 crores in the current year. This includes a deficit of 2.04 crores on strategic lines; if commercial lines alone are taken into consideration, the result is a deficit of 140 lakhs.

The appropriation to the depreciation fund during 1936-37 will be $13\frac{1}{4}$ crores. The withdrawals from the fund which represent the original cost of unit wasting assets replaced or scrapped during the year, are likely to amount to 7 crores. The net accretion to the fund during the year will, therefore, be $6\frac{1}{4}$ crores and the balance at the end of the year after the temporary withdrawal of about $3\frac{1}{2}$ crores to meet the deficit will amount to a little under 12 crores. The nominal balance will stand at nearly $47\frac{1}{4}$ crores, out of which $35\frac{1}{2}$ crores will have been withdrawn to meet the deficit in the six years 1931-32 to 1936-37.

4. The following table compares certain important financial statistics for 1935-36 and 1936-37 with those for the previous three years.

	Accounts.			Estimates.	
	1932-33.	1933-34.	1934-35.	1935-36.	1936-37.
Percentage of net traffic receipts to Capital-at-charge . . .	2.7	3.0	3.3	3.3	3.3
Percentage of Working Expenses (including depreciation) to gross traffic receipts . . .	74.4	72.8	70.9	71.1	70.7
Percentage of Working Expenses (excluding depreciation) to gross traffic receipts . . .	58.1	57.1	55.7	56.4	56.2

5. Apparently the improvement in the position of railways which started in 1933-34 and continued the following year has been retarded though, we hope, only temporarily. The extent of the improvement is more clearly realised by comparing the figures of traffic receipts and ordinary operating expenses (exclusive of depreciation) with those for 1932-33, the worst year of the depression. The figures shown in the statement printed at the beginning of this pamphlet do not lend themselves directly to such a comparison by reason of various changes in accounting and other special disturbing factors in each of these years. We do not propose to lengthen this narrative by a detailed description of such factors but a brief exposition of the more important of these is given in an appendix for those interested in such details. Making allowance for the more important of these abnormal features, however, the relevant figures for these years (including figures for 1929-30 which was the last year when the railways had a surplus) will stand as in the statement below. No attempt has been made in this statement to allow for fluctuations in receipts due to changes in fares or freight

rates, or for ordinary variations in expenditure due to changes in the price level, such as the cost of coal and necessary stores, or variations in payments to staff, such as wages and gratuities.

(In lakhs of rupees.)

	Traffic receipts.	Operating expenses. Excluding cut in pay.	Including cut in pay.
1929-30	1,03,36	57,03	57,03
1932-33	84,11	50,40	48,47
1933-34	87,13	50,28	49,21
1934-35	90,20	51,11	50,12
1935-36 (estimate)	90,00	50,69	50,60
1936-37 (estimate)	91,25	51,10	51,10

While the receipts next year are expected to be about 12 crores lower than in 1929-30, the working expenses are nearly 6 crores lower; on the other hand, while they are about 7 crores higher than in 1932-33, the expenses are, excluding the pay-cut, only $\frac{2}{3}$ crore higher.

Review of financial results from 1924-25.

6. Before we pass on to the detailed estimates for 1935-36 and 1936-37 we propose to examine briefly the results of the working of railways from the separation of the railway budget in 1924. The statement printed at the beginning of this pamphlet gives concisely the salient features of every year beginning with 1924-25.

7. A simple way of visualising the financial results of Indian State railways in these years is to imagine that they had a single reserve into which all surpluses of revenue over current expenditure (including renewals and replacements not charged to capital) were credited after the separation.

During the first six years, they earned profits of 52½ crores after paying full interest charges and providing annually for accrued depreciation sums which exceeded the total withdrawals by 12½ crores. If these had been all credited to a single combined reserve, the total of that reserve at the end of 1929-30 would have been 64½ crores.

Then came the depression. During the five years 1930-31 to 1934-35, Indian State railways were unable to meet their interest charges in full, after providing for the full accrued depreciation. The deficiency amounted to 37½ crores. At the same time, the sums provided for depreciation exceeded the withdrawals by 24½ crores. If we had a system of a single combined reserve, the amounts that it would have been necessary to withdraw from such a reserve during these 5 years would have been 12½ crores.

In eleven years of mixed fortunes, the net accumulation in the reserve would then have been 52 crores (i.e., 37 crores in the depreciation portion of the reserve and 15 crores in the ordinary reserve).

During the first seven years of this period, however, railways paid to general revenues contributions amounting to nearly 42 crores. Consequently, at the end of 1934-35, their total reserves amounted to 10 crores only, viz., half a crore invested in securities on behalf of the Reserve Fund, and a net balance of 9½ crores in the Depreciation Reserve Fund after deducting the amounts borrowed from the Fund to meet successive deficits.

8. If our expectations for 1935-36 and 1936-37 do not prove far out, the realised deficits of 37½ crores in the past five years will be increased by 8 crores: but the depreciation reserve fund will similarly be increased by 10½ crores. On the assumption of a combined reserve, the net accumulation in the reserve (neglecting the contributions to general revenues) will increase from 52 crores to 54 crores (of which 47 crores will be in the depreciation portion of the reserve). The net financial result of working of Indian State Railways, both commercial and strategic in 13 years of which the last seven are years of exceptional and continuous depression, may thus be expressed as a net accumulated reserve of 54 crores.

But this method of expressing the financial results of railways, though it has the merit of simplicity, overlooks some important factors:—

- (a) The intention underlying the creation of the depreciation reserve was to accumulate a fund which would provide for replacements of assets when necessary irrespective of the exigencies of the moment. Though the nominal accumulations at present are vastly in excess of any possible requirements, it is theoretically not quite correct to include them in profits, or amalgamate them with other reserves.
- (b) The favourable results described in the last paragraph are due, in part, to the method of allocation adopted in 1924-25 by which, when an asset is replaced, only the original cost is charged to the depreciation fund and the balance is added to the capital cost. If the sounder principle of making revenue (or the depreciation fund) responsible for renewing an asset by a similar asset and charging to capital only the sum representing the measure of the improvement involved in replacement had been followed, it has been estimated that both the capital at charge of railways and the reserves referred to above would have stood at about 20 crores less. The combined reserve would then have been 34 crores.
- (c) No allowance has been made in this statement of the position for any provision for amortisation of capital so necessary in a concern of this nature, nor for any contribution to general revenues. If the latter had been, or could have been, regularly paid according to the convention of 1924 the total payment should have been over 72 crores, whereas only 42 crores has been actually paid. Secondly, if instead, provision for amortisation of capital had been made on the scale suggested by the Percy Committee the total for these thirteen years would have been 65 crores. Both these sums are much in excess of the profits realised in these years, even though we look on the depreciation reserve as a renewals reserve and on the amounts paid into it in excess of actual requirements as in the nature of true profits.

9. On these estimates, the liabilities of railways at the end of 1936-37 to be met in more prosperous times will amount to 66½ crores. The total of the contributions due to general revenues but remaining unpaid from 1931-32 to 1936-37 is 30¾ crores. Under the existing convention railways are liable to pay these arrear contributions when they begin earning surpluses, but the liability begins after the loans amounting to nearly 35½ crores from the depreciation fund have been repaid, but before railways can again begin payments into the ordinary reserve fund.

PART II.

Commercial Lines.

10. Before we proceed to deal with the estimates for 1935-36 and 1936-37 in detail, it will perhaps be useful if the final results are compared with the results of the previous years since the worst year of the depression. In all these years, railways have been nominally paying into a depreciation reserve fund sums varying from 4 to 7 crores more than the amounts required for actual renewals and replacements in the year, but have simultaneously been withdrawing from the fund large sums to meet interest charges. In the table below are shown the results both as they appear in the accounts with full provision made for accrued depreciation, and as they would appear if only the amounts not chargeable to capital under the present rules had to be provided for from current revenues. In the former case, all the years show deficits. In the latter case, the last three years would show substantial surpluses amounting to nearly 8 crores. These surpluses cannot, however, as already pointed out, be taken at their face value as they are to some extent the result of charging to capital the difference between the original cost of the asset replaced and the cost of replacement whether the act of replacement involves an improvement in the asset and increases its revenue earning capacity or not. Moreover a temporary reduction in renewals and replacements is more in the nature of a postponement of liabilities for a time than a real saving.

Commercial Lines.

(In lakhs of rupees.)

	1931-32.	1932-33.	1933-34.	1934-35.	1935-36. (Revised estimate.)	1936-37. (Budget estimate.)
Gross Traffic Receipts . . .	85,31	83,20	85,39	88,37	88,75	89,97
Ordinary working expenses . .	49,62	47,62	47,94	48,80	49,25	49,73
Deprecia- tion. { Actual expendi- { ture on renewals { and replacements { debitable to { the fund.. . . .	7,98	6,11	7,91	8,37	8,87	6,54
{ Additional allot- { ment to depre- { ciation reserve .	5,05	7,22	5,22	4,92	3,82	6,17
Total working expenses . . .	62,65	60,95	61,07	62,09	61,94	62,44
Net traffic receipts	22,66	22,25	24,32	26,88	26,81	27,53
Net miscellaneous receipts . .	1,68	98	81	41	71	82
Net revenue	24,34	23,23	25,13	27,29	27,52	28,35
Interest charges	31,58	31,44	31,14	30,40	30,00	29,75
Gain + or Loss — (after meeting full depreciation)	—7,24	—8,21	—6,01	—3,11	—2,48	—1,40
Gain + or Loss — (if only actual cost of renewals and re- placements were charged).	—2,19	—99	—79	+1,81	+1,31	+4,77

1935-36.

10. The budget estimate for 1935-36 anticipated the small surplus of seven lakhs during the year. Unfortunately almost immediately after our estimates had been prepared, a downward tendency in earnings started which has continued practically thought up to the present time. Our present estimate of receipts is about $3\frac{1}{2}$ crores below the original estimate and though there is a saving of nearly $\frac{1}{2}$ crore in working expenses and a reduction of 30 lakhs under interest charges, the revised estimate of results is a net loss, after meeting full depreciation and interest charges, of 2.48 crores.

11. The principal figures of the revised estimate for 1935-36 (showing state-owned and worked lines separately) are compared in the statement below with the budget estimate as well as with the results of 1934-35.

Commercial Lines.

Particulars.	Accounts, 1934-35.	(In lakhs of rupees.) 1935-36.	
		Budget.	Revised.
<i>Traffic Receipts.</i>			
Gross Traffic Receipts (deducting refunds)—			
State lines	88,97	92,15	88,75
Worked lines	5,28	5,45	5,28
Total working expenses (including depreciation)—			
State lines	62,09	62,37	61,94
Worked lines	2,66	2,75	2,75
Net receipts of worked lines payable to them .	2,62	2,70	2,55
A—Net traffic receipts (State lines) . . .	26,88	29,78	26,81
<i>Miscellaneous.</i>			
Total miscellaneous receipts	1,73	1,89	1,98
Total miscellaneous expenditure	1,32	1,30	1,27
B—Net Miscellaneous Receipts	41	59	71
Net railway revenue (A + B).	27,29	30,37	27,52
Interest charges	30,40	30,30	30,00
Profit + loss—.	—3,11	+7	—2,48

Traffic receipts.

12. Traffic receipts of State-owned lines in 1935-36 are expected to be about a quarter crore less than in 1934-35. In view of the fact that 1936 is a leap year and that the Ardh Kumbh Mela at Allahabad is likely to increase our earnings appreciably, the expected result conceals a real decrease of slightly more than half a crore. Passenger earnings are now showing signs of increase ; but on the other hand goods earnings have definitely declined since the last year. A considerable reduction in the groundnut crop during the current year as a result of smaller sowings following the very serious drop in prices last year had serious effects on the earnings in the earlier part of the year. Our earnings from this

source from April to October were 60 lakhs lower than last year. The rice traffic which was exceptionally good last year mainly owing to imports to the areas devastated by the Bihar earthquake has been disappointing this year and cotton has been slow in moving. The details of our estimates are as follows :—

Commercial Lines.

Particulars.	Accounts, 1934-35.	(In lakhs of rupees.) 1935-36.	
		Budget.	Revised.
Passenger earnings	27,55	27,36	27,93
Other Coaching traffic earnings	4,83	4,87	4,90
Goods earnings	60,30	63,91	59,59
Other earnings	1,61	1,58	1,73
Suspense	8	..	..
Total	94,37	97,72	94,15
Refunds of revenue	—12	—12	—12
	94,25	97,60	94,03
Share of worked lines	5,28	5,45	5,28
Receipts of State-owned lines	88,97	92,15	88,75

13. Though we expected an increase in passenger earnings, we appear to have taken a too pessimistic view in view of past experience, and we have now reason to put our revised estimate at about half a crore higher than our original estimate. The increase in the number of passengers carried in the first seven months over the corresponding period of last year is comparatively trifling, less than 1 per cent.; but the total number of passenger miles shows an increase of 2 per cent. In number, there is an increase of $2\frac{1}{4}$ million—from 287 million to 289 $\frac{1}{4}$ million. The load per passenger has increased very slightly from 34 $\frac{1}{2}$ to 34 $\frac{3}{4}$ miles.

14. Goods traffic during the year suffered a serious set back. Though the total tonnage carried during the first seven months of the year is practically the same as last year—57·7 million against 57·8 million, the ton mileage has shown a decrease of $\frac{1}{2}$ per cent. being 11,084 million against 11,138 million. We now anticipate a decrease in goods earnings of $\frac{3}{4}$ crore as compared with last year and 4 $\frac{1}{2}$ crores as compared with the budget.

The total number of wagons loaded on Class I railways to about the middle of January showed a trifling increase of less than 1 per cent., but there are serious decreases under important commodities: grain and pulses show a decrease of 10 per cent., oilseeds of 17 per cent., cotton of 6 per cent. Coal was practically stationary, there being a decrease of 1 per cent. Miscellaneous full wagon loads showed, however, an increase of 4 $\frac{1}{2}$ per cent. and miscellaneous smalls of 3 $\frac{1}{2}$ per cent.

Working Expenses.

15. In the statement below is given in detail the revised estimate of working expenses as compared with the budget and the expenditure of the previous year :

Commercial Lines.

Particulars.	Accounts, 1934-35.	(In lakhs of rupees.) 1935-36.	
		Budget.	Revised.
A.—Maintenance of Structural works	8,68	8,61	8,48
B.—Maintenance and supply of locomotive power	16,57	16,56	16,27
C.—Maintenance of carriage and wagon stock	5,95	5,98	6,15
D.—Maintenance of ferry steamers and harbours	32	29	29
E.—Expenses of traffic department	10,70	10,73	10,64
F.—Expenses of general departments	4,76	4,86	4,75
G.—Miscellaneous expenses	4,32	4,22	4,30
H.—Electric service department	1,21	1,24	1,19
Suspense	—9	..	..
Total	52,42	52,49	52,07
Emergency deductions from pay	—96	—8	—9
Total ordinary working expenses	51,46	52,41	51,98
Depreciation	13,29	12,71	12,69
Total working expenses	64,75	65,12	64,67
Recoveries from worked lines	—2,66	—2,75	—2,73
Net working expenses of state-owned lines	62,09	62,37	61,94

16. Excluding emergency deductions from pay, the total ordinary working expenses of the main railway systems (including worked lines) during 1935-36 are now expected to be 35 lakhs less than in the previous year. Of the decrease 25 lakhs is due to expenditure amounting to about 12½ lakhs on account of freight on coal required for the current year on the Bombay, Baroda and Central India Railway, having been debited to the accounts of the last year as the coal was received in the last weeks of 1934-35 in advance of requirements.

There is a reduction throughout except in the cost of maintenance of carriage and wagon stock where the expenditure is expected to be 20 lakhs higher than last year. The condition of a large number of wagons has been found to be such that heavy expenditure on repairing them is necessary if we are to avoid premature renewal.

17. The appropriation to the depreciation fund is 60 lakhs lower than in the previous year as an incidental result of the change in our method of calculation.

Depreciation.

Miscellaneous.

18. Net miscellaneous receipts are now expected to be 30 lakhs higher than in 1934-35, partly as the result of an increase in the credits for materials returned from works of renewals or replacements not charged to revenue, and partly as a result of a fall in the surplus profits payable to Indian States and Railway Companies. The details are given in the statement below which is self-explanatory :

Particulars.	Accounts, 1934-35.	(In lakhs of rupees.) 1935-36.	
		Budget.	Revised.
<i>Miscellaneous receipts.</i>			
Credits from materials returned from works not charged to revenue	87	97	1,06
Government share of profit from subsidised companies, guarantees from local Governments, etc.	21	21	23
Interest on Depreciation and Reserve Fund balance	39	48	37
Dividends on investment in branch lines and other miscellaneous receipts	14	11	20
Receipts from Railway Companies for supervision, audit and control	12	12	12
Total Miscellaneous Receipts	1,73	1,89	1,98
<i>Miscellaneous expenditure.</i>			
Surplus profits payable to Indian States and Railway Companies	61	56	52
Rebate, subsidy and rental	15	17	16
Miscellaneous charges	56	57	59
Total miscellaneous expenditure	1,32	1,30	1,27
Net miscellaneous receipts	41	59	71

19. Interest charges are now expected to be 40 lakhs below last year, and 30 lakhs below the budget estimate. The latter is due to our capital expenditure during the year being less than originally provided for and the former to this cause as well as to a fall from 5·20 per cent. to 5·04 per cent. in the rate of interest charged on railway capital expenditure after 1916-17 which is the average rate of interest on Government borrowing during the period and has fallen with the conversion of loans bearing higher rates of interest which Government has been able to achieve during the period.

1936-37.

Commercial Lines.

20. If our estimates prove correct, though 1936-37 will not result in a surplus, the deficit will be appreciably reduced. The deficit on commercial lines will, it is expected, be under $1\frac{1}{2}$ crores, or over a crore less than in 1935-36.

21. The important figures of the estimates for 1936-37 are given below with those for the two previous years for comparison.

Commercial Lines.

(In lakhs of rupees.)

	Accounts, 1934-35.	Revised estimate, 1935-36.	Budget estimate, 1936-37.
<i>Traffic Receipts.</i>			
Gross traffic receipts (deducting refunds)—			
{ State lines	88,97	88,75	89,97
{ Worked lines	5,28	5,28	5,22
Total working expenses (including depreciation)—			
{ State lines	62,09	61,94	62,44
{ Worked lines	2,66	2,73	2,70
Net receipts of worked lines payable to them	2,62	2,55	2,52
A—Net traffic receipts (State lines)	26,88	26,81	27,53
<i>Miscellaneous.</i>			
Total miscellaneous receipts	1,73	1,98	1,91
Total miscellaneous expenditure	1,32	1,27	1,09
B—Net miscellaneous receipts	41	71	82
Net railway revenue (A + B)	27,29	27,52	28,35
Interest charges	30,40	30,00	29,75
Loss	—3,11	—2,48	—1,40

22. Our estimates of traffic receipts in 1936-37 are based on the assumption that we can expect a small increase in earnings through a gradual improvement in traffic and through the operation of the alterations in rates and fares made by railways during the year. The latter is expected to amount to about a

crore. As regards the former, our estimate is conservative : we expect only to reach the earnings in 1934-35, which were, if we take into account the extra day in February 1936 half a crore more than we expect to obtain in the current year.

The more important of the alterations in rates and fares given effect to are as follows :

A small increase of $\frac{1}{4}$ pie per mile in third class fares for distances between 51 and 300 miles on the North Western Railway is expected to bring in about 12 lakhs and a similar increase on the Burma Railways will yield 6 lakhs. Increases in upper class fares on the Great Indian Peninsula, Bombay, Baroda and Central India and South Indian Railways are likely to result in increased earnings of 5 lakhs. An increase in terminals on the North Western, Great Indian Peninsula and East Indian Railways is expected to yield 34 lakhs.

The most important of the enhancements in goods freights are on petrol, liquid fuel and cement over the Bombay, Baroda and Central India, Great Indian Peninsula and East Indian Railways, and on stone metal over the East Indian and North Western Railways. These and other similar enhancements in goods rates are expected to bring in increased earnings of about half a crore during 1936-37.

23. The details of our estimates are given below. We are allowing for a larger increase in goods earnings because it is in goods earnings that we have suffered most in the current year and it is again in goods earnings that we expect the larger portion of the increase due to an alteration in rates and fares.

Traffic receipts.

Particulars.	(In lakhs of rupees.)		
	Accounts, 1934-35.	Revised estimate 1935-36.	Budget estimate, 1936-37.
Passenger earnings	27,55	27,93	28,12
Other coaching traffic earnings.	4,83	4,90	4,90
Goods earnings	60,30	59,59	60,47
Other earnings	1,61	1,73	1,82
Suspense	8	..	..
Total	94,37	94,15	95,31
Refunds of revenue.	—12	—12	—12
	94,25	94,03	95,19
Share of worked lines	5,28	5,28	5,22
Receipts of State-owned lines	88,97	88,75	89,97

Working Expenses.

24. The estimates of working expenses are compared in the following statement with previous years.

Commercial Lines.

Particulars.	(In lakhs of rupees)		
	Actuals, 1934-35.	Revised estimate, 1935-36.	Budget Estimate, 1936-37.
A.—Maintenance of structural works	8,68	8,48	8,59
B.—Maintenance and supply of locomotive power	16,57	16,27	16,42
C.—Maintenance of carriage and wagon stock	5,95	6,15	6,15
D.—Maintenance of ferry steamers and harbours	32	29	29
E.—Expenses of traffic department	10,70	10,64	10,75
F.—Expenses of general department	4,76	4,75	4,76
G.—Miscellaneous expenses	4,32	4,30	4,27
H.—Electric service department	1,21	1,19	1,20
Suspense	—9	..	..
	52,42	52,07	52,43
Emergency deductions from pay	—96	—9	..
Total ordinary working expenses	51,46	51,98	52,43
Depreciation	13,29	12,69	12,71
Total working expenses	64,75	64,67	65,14
Recoveries from worked lines	—2,66	—2,73	—2,70
Working expenses of State-owned lines	62,09	61,94	62,44

25. Our estimate of ordinary working expenses is 45 lakhs higher than in the current year. Nine lakhs of this is accounted for by the absence of the emergency deduction in pay which reduced our working expenses during the current year in the first month. An increase of 12½ lakhs is the consequence of the booking in last year's accounts of expenditure pertaining to this year on freight on coal.

26. The provision for depreciation is calculated at 1/60th of the capital-at charge at the end of the previous year, and the increase is only 2 lakhs.

Depreciation.

Miscellaneous.

27. The table below gives the necessary details of our miscellaneous receipts and expenditure. There is expected to be a large decrease in surplus profits paid to companies and Indian States as the earnings of Company managed railways, principally of the Madras and Southern Mahratta Railway, during 1935-36 are expected to be much lower than during the previous year.

	(In lakhs of Rupees.)		
	Accounts, 1934-35.	Revised estimate, 1935-36.	Budget estimate, 1936-37.
MISCELLANEOUS.			
<i>Receipts.</i>			
Credits for material returned from works not chargeable to revenue	87	1,06	97
Share of surplus profits from branch line companies	21	23	22
Interest on depreciation reserve fund balances	39	37	41
Dividends on investments and other miscellaneous receipts	14	20	20
Receipts from railway companies for supervision, audit and control	12	12	12
Total	1,73	1,98	1,92
<i>Expenditure.</i>			
Surplus profits paid to Companies and Indian States	61	52	30
Rebates, subsidies and rentals	15	16	18
Miscellaneous charges	56	59	62
Total	1,32	1,27	1,10
Net Miscellaneous receipts	41	71	82

28. A further fall (from 5.04 per cent. to 4.90 per cent.) in the average rate of interest charged on capital outlay after 1916-17 will more than counter-balance the increase due to additional capital, and the net result is a reduction of $\frac{1}{4}$ crore.

PART III.

Strategic Lines.

29. The statement below gives the relevant figures and requires no additional explanation.

Strategic Lines.

(In lakhs of rupees.)

Particulars.	Accounts, 1934-35.	1935-36.		Budget estimate, 1936-37.
		Budget.	Revised.	
Gross Traffic Receipts	1,23	1,35	1,25	1,28
Working expenses	1,50	1,49	1,50	1,52
Emergency deductions from pay	—3	..(a)	..(a)	..(a)
Depreciation	43	57	57	57
Total working expenses	1,90	2,06	2,07	2,09
A.—Net Traffic Receipts	—67	—71	—82	—81
<i>Miscellaneous Receipts.</i>				
Credits for material returned from works not charged to revenue	3	3	4	3
Interest on balances of Depreciation Fund	9	10	9	10
Total	12	13	13	13
<i>Miscellaneous expenses.</i>	..(a)	..(a)	..(a)	..(a)
B.—Net Miscellaneous receipts	12	13	13	13
Net Revenue (A+B)	—55	—58	—69	—68
Interest charges	1,40	1,39	1,37	1,36
Net loss in working	1,95	1,97	2,06	2,04

(a) Less than half a lakh.

PART IV.

WORKS EXPENDITURE NOT CHARGED TO REVENUE.

1935-36.

30. Our works programme for the current year was expected to cost $15\frac{3}{4}$ crores, of which $\frac{3}{4}$ crores was expected to be found from stores in stock. Of the cash expenditure of 15 crores, $5\frac{1}{2}$ crores was to be an addition to capital and the balance was to be met from the Depreciation Fund. We now expect that our total net expenditure in cash will be 11 crores, allowing for a reduction of $\frac{1}{2}$ crore in stores balances. Of the total, a quarter of a crore will be required for new lines. On open line improvements we expect to spend $10\frac{3}{4}$ crores, of which we estimate $9\frac{1}{4}$ crores will be debited to the Depreciation fund as representing the original cost of wasting assets renewed or replaced, or scrapped without replacement.

1936-37.

31. For 1936-37 our programme provides for a total expenditure of little more than 12 crores against $11\frac{1}{2}$ crores in the current year. We expect a further reduction of $\frac{1}{2}$ crore in stores balances which, if this estimate proves correct, will be reduced to $8\frac{1}{4}$ crores at the end of the year. The actual cash outlay on the items included in the programme is $11\frac{1}{2}$ crores. In view of past experience, we consider it improbable that the full amount will be utilised, and we are providing only $10\frac{1}{4}$ crores. Of this amount 7 crores will be found from the Depreciation Fund; and the balance of $3\frac{1}{4}$ crores will be an addition to capital.

The total includes about a quarter of a crore for new construction entirely for projects already under construction. The main item on the programme is the Megna Bridge for which we are providing 22 lakhs.

Our total expenditure during 1936-37 on restoration of damages caused by the 1934 earthquake and on the protection works to the Hardinge Bridge is estimated at 19 lakhs, of which 15 lakhs will be found from the annual instalment from revenue we are providing for the purpose.

For Quetta, we are providing 12 lakhs. The total expenditure is estimated as in the neighbourhood of half a crore.

Track renewals account for 5 crores, bridge work for $\frac{3}{4}$ crore, and other structural works for $2\frac{1}{2}$ crores.

Rolling stock is estimated to cost $3\frac{1}{4}$ crores. Of this locomotives and boilers cost about $\frac{3}{4}$ crore, carriages cost $1\frac{1}{4}$ crores and wagons $\frac{3}{4}$ crore. The total number of wagons ordered amounts to about 1,200 of which 750 are broad gauge general service wagons to be added to the general pool. All these represent replacements of wagons already scrapped, or to be scrapped, in the year. We regret that the unexpected fall in traffic has necessitated a reconsideration of our wagon renewal programme and a drastic reduction in the number of wagons purchased.

CONCLUSION.

32. In conclusion we desire to acknowledge the valuable assistance we have received from members of the Standing Finance Committee for Railways during the year.

T. G. RUSSELL,

Chief Commissioner of Railways.

P. R. RAU,

Financial Commissioner of Railways.

NEW DELHI;

The 10th February 1936.

APPENDIX I.

The figures of traffic receipts and ordinary working expenses (excluding depreciation) shown in the statement printed at the beginning of this pamphlet are as follows :—

	Traffic receipts.	Ordinary working expenses..
1929-30	1,02,70	55,59
1932-33	84,43	49,08
1933-34	86,63	49,50
1934-35	90,20	50,27
1935-36 (estimate)	90,00	50,75
1936-37 (estimate)	91,25	51,25

2. The special abnormal features of major importance that we should allow for are as follows :—

On the receipts side :—

- (a) In 1929-30 the receipts did not include those of the Southern Punjab Railway for the 1st 9 months (110 lakhs) as it was purchased as from January 1930, but included those of the Mysore State Railways (44 lakhs) for the whole year,
- (b) the receipts of 1932-33 included about 32 lakhs for arrears on account of some branch lines on the South Indian Railway.

On the expenditure side :—

- (a) In 1929-30, the working expenses of the Southern Punjab Railway (57 lakhs) were not included for 9 months and those of the Mysore State Railways (24 lakhs) were included. They were decreased (about 1½ crores) by certain credits for released material which since 1932-33 are shown as receipts.
- (b) In 1932-33, working expenses were increased by 27 lakhs by arrear adjustments on the South Indian Railway for branch lines and by 20 lakhs on account of payment to Income-tax Department as compensation for exemption allowed to railway servants like all Government servants from the additional income-tax imposed in 1931.
- (c) The cut in pay decreased working expenses by 193 lakhs in 1932-33, 107 lakhs in 1933-34 and 99 lakhs in 1934-35. The estimated recoveries in 1935-36 are 9 lakhs only.
- (d) Prior to 1934-35, working expenses included about 14 lakhs on account of rebates and subsidies—from 1934-35 onwards they are included as miscellaneous charges.

(c) From 1933-34 onwards, working expenses include about 15 lakhs representing the repayment by instalments of the cost of repairs of damages caused by the earthquake in Bihar and the Ganges flood to the Hardinge protection works.

Making the necessary additions and deductions for these abnormal features, the figures for comparison are as follows :

(In lakhs of rupees.)			
Operating expenses.			
	Traffic receipts.	(Excluding cut in pay).	(Including cut in pay).
1929-30	1,03,36	57,03	57,03
1932-33	84,11	50,40	48,47
1933-34	86,63	50,28	49,21
1934-35	90,20	51,11	50,12
1935-36 (estimate)	90,00	50,69	50,60
1936-37 (estimate)	91,25	51,10	51,10

APPENDIX II.

CAPITAL EXPENDITURE.

The total expenditure charged to capital and to the depreciation fund on State-owned railways in the three years 1934-35 to 1936-37 is set out in the table below:—

	Accounts, 1934-35.	1935-36.		Budget, 1936-37.
		Budget.	Revised.	
England—				
Sterling pay- ments. £	1,096,897	1,500,000	1,290,000	1,290,000
Converted into rupees at 1s. 6d. to the rupee. Rs.	1,46,25,287	2,00,00,000	1,72,00,000	1,72,00,000
Exchange . Rs.	—40,400	..	—89,000	..
Total England . Rs.	1,45,84,887	2,00,00,000	1,71,11,000	1,72,00,000
India—				
Payments in India Rs.	7,49,01,125	13,00,00,000	9,23,89,000	8,53,00,000
Total England and India. Rs.	8,94,86,012	15,00,00,000	11,00,00,000	10,25,00,000

The distribution of the above between capital and depreciation fund is as follows:—

Capital	28,84,150	5,50,00,000	1,75,00,000	3,25,00,000
Depreciation Fund .	8,66,01,862	9,50,00,000	9,25,00,000	7,00,00,000

Open Line Works.

4. *Engineering, structural and other works.*—The following is the distribution of the proposed expenditure among the various classes of works comprised in this group :—

(Figures in lakhs of rupees.)

	Capital.	Depreciation Fund.	Total.
(1) Track	75.70	426.14	501.84
(2) Bridges	34.99	32.18	67.17
(3) Traffic facilities	73.93	20.47	94.40
(4) Workshops and Loco. sheds	45.23	19.95	65.18
(5) Staff quarters	23.20	1.06	24.26
(6) Welfare Works	9.65	.81	10.46
(7) Electric installations	16.24	4.29	20.53
(8) Signalling and interlocking	14.28	5.85	20.13
(9) Electrification of track	9.49	.84	10.33
(10) Removal of infringements	1.57	.43	2.00
(11) Ferries	..	1.00	1.00
(12) Collieries	—3.15	..	—3.15
(13) Emergencies	2.00	3.00	5.00
(14) Other Works	34.48	13.52	48.00
(15) Hardinge Bridge protection and training works and earthquake damages	4.85	14.14	18.99
(16) Suspense (Reduction in stores balances)	—58.00	..	—58.00
(17) Repayments from revenue for Hardinge Bridge works and earthquake damages	..	—15.00	—15.00
Total	284.46	528.68	813.14

(1) and (2)—*Track and Bridges.*—The policy of strengthening and improving both track and bridges is being continued and it has been found necessary to make a total provision of Rs. 501.84 lakhs for renewals of track as against Rs. 502.38 lakhs provided for in 1935-36, or Rs. 0.54 lakhs less than the corresponding provision in 1935-36.

The provision for the girder renewal and bridge strengthening programme amounts to Rs. 67.17 lakhs which is Rs. 33.63 lakhs less than the corresponding provision during the current year. A small provision has been made towards the completion of the Nerbudda bridge at Broach on the Bombay, Baroda and Central India Railway, which was opened to public traffic on the 20th December 1935. On this Railway a further provision of Rs. 11.36 lakhs has been made for strengthening bridges on the Rutlam Mhow section. On the Great Indian Peninsula Railway Rs. 4.43 lakhs have been allowed for the reconstruction of the superstructures of the Wunna, Pothra and Krishna bridges and rebuilding of Nalganga bridge at Malkapur. These works have been considered necessary in order to bring them up to the standard requirements.

On the Eastern Bengal Railway, a provision of Rs. 10·35 lakhs has been made for regirdering the Gorai bridge. A provision of Rs. 1·82 lakhs has been made for raising the spans of the Jhelum bridge on the Lalamusa-Rawalpindi section of the main line of the North Western Railway, while provision amounting to Rs. 2·93 lakhs has been made for expenditure in connection with strengthening the Dufferin and three other bridges on the East Indian Railway. A provision of Rs. 2 lakhs has also been made on this Railway for relieving girders on 30', 40', 50' and 60' weak arches on the main line between Moghalsarai and Allahabad. The whole scheme is estimated to cost 10 lakhs. These old arches, unless strengthened, are not strong enough to take modern loads.

Traffic Facilities.

A provision of Rs. 1·45 lakhs has been made for doubling the section between Etawah and Ekdil on the main line of the East Indian Railway and a sum of Rs. 3·80 lakhs has also been provided for remodelling 5 stations—Bhanpur, Rura, Jhinjhak, Phaphund and Bharrhana. Their remodelling is required in connection with the doubling of the Cawnpore-Tundla line.

As regards important remodelling schemes, an outlay of Rs. 1·40 lakhs has been proposed for completing the remodelling of the station building including refreshment rooms and waiting rooms at Patna junction. Provision has also been made for remodelling Hathras and Aligarh stations on the East Indian Railway.

On the Bengal Nagpur Railway a sum of Rs. 3·58 lakhs has been provided for remodelling the Traffic and Loco. yard at Waltair. It is proposed to build a new station at Cuttack, if it becomes the capital town of the new province of Orissa, at an approximate cost of Rs. 1·20 lakhs, and the work is likely to be commenced during 1936-37.

On the Bengal and North Western Railway a sum of Rs. 2·08 lakhs has been provided for remodelling Muzaffarpur station and Loco. yard, etc.

On the Eastern Bengal Railway the work of remodelling the Rajbari station has been provided at an approximate cost of Rs. 1·30 lakhs and the same amount has been allowed during 1936-37, as the work is expected to be completed during the year.

On the North Western Railway a provision of Rs. 6·93 lakhs has been allowed for completing the remodelling schemes of Delhi and Khanalampur yards.

A sum of Rs. 2·31 lakhs has been provided for remodelling the Coimbatore station on the South Indian Railway. It is proposed, as a first stage, to remodel the passenger yard, and the work which is considered essential, is estimated to cost about Rs. 8 1/2 lakhs. Coimbatore, even with the present trade depression, is expanding with the advent of the Pykara Hydro-Electric Scheme and there have been many complaints regarding the present inadequate station accommodation. A sum of Rs. 1·43 lakhs has been provided for completing the remodelling work at Shoranur junction during 1936-37.

Workshops, Stations and other buildings.

Consequent on the provision of new Loco. shops at Dohad, remodelling of Parel shops became a necessity. The work is in progress and a small provision has been made for the completion of the scheme during 1936-37. The remodelling of Jamalpur workshops on the East Indian Railway has been

making good progress and a provision of Rs. 9·08 lakhs has been made for it. It is proposed to provide an additional erecting shop bay at Lucknow. The work is estimated to cost about Rs. 6·75 lakhs out of which Rs. 5 1/2 lakhs have been provided during 1936-37 when the work is to be commenced. The scheme will enable intermediate repairs to be given to all engines. Under this scheme all heavy repairs will be done in workshops without any extra equipment and the sheds will be called upon to do maintenance work only. On a conservative basis a recurring saving of Rs. 2 1/2 lakhs per annum is expected. The work in connection with the modernisation of the generating plant of the Power House Khargpur Workshops on the Bengal Nagpur Railway is expected to be completed during 1936-37 and a sum of Rs. 9·50 lakhs has been provided for it. On the Great Indian Peninsula Railway, a provision of Rs. 1·53 lakhs has been made for the provision of improved machinery and handling facilities in the Central Engineering Workshop at Manmad, and the work is expected to be completed during 1936-37. On the same Railway a provision of Rs. 2·50 lakhs has been made for Jhansi Loco. Shed remodeling and the work is expected to be completed during 1936-37. On the North Western Railway it is proposed to provide steel work and track for overhead travelling cranes and extension of the existing traverser tracks together with the provision of additional traversers and cranes in Carriage and Wagon Shops at Moghalpura. A sum of Rs. 2·40 lakhs has been provided for the work in 1936-37 when the work is expected to be completed.

On the North Western Railway a new Central Hospital, at Lahore with staff quarters, including air conditioning and flush sanitation, is being provided for at an approximate cost of Rs. 7·50 lakhs. A sum of Rs. ·04 lakh only is likely to be spent during the current financial year and Rs. 2·50 lakhs is proposed for work to be done next year and the balance of Rs. 4·96 lakhs is to be spent thereafter for completion of the work. On the same Railway provision is also being made for the construction of a Divisional Office at Delhi for which an estimate amounting to Rs. 2·40 lakhs has been sanctioned. It has been decided to build a separate office building for the Indian Railway Conference Association and a sum of Rs. ·74 lakh has been provided for the completion of the building required for the Association.

Electrification of Track.

A provision of Rs. 9·17 lakhs is being made during 1936-37 for completing the extension of the Bombay, Baroda and Central India Railway suburban electrification scheme by 16 miles from Borivli to Virar.

Quetta Earthquake.

The earthquake of 31st May 1935 seriously damaged most of the buildings in Quetta and also some of the buildings and bridges between Kolpur and Quetta. As it has now been decided that the Cantonment and the City of Quetta should be rebuilt, it is anticipated that the construction of railway quarters and buildings on the Quetta Division will eventually cost approximately Rs. 52 lakhs out of which a sum of Rs. 12 lakhs has been provided during 1936-37. Plans and estimates of these works are now under preparation.

5. *Staff quarters.*—The following table shows the distribution of the proposed expenditure for the provision of quarters for the staff :—

Railways.	Officers' Quarters.		Other Quarters.		Total.
	Provision to complete bungalows under construction.	Provision for new bungalows.	Provision to complete quarters under construction.	Provision for new quarters.	
Assam Bengal .	..	..	14	..	14
Bengal Nagpur.	2	..	38	1,70	2,10
Bengal & North Western,	..	..	38	16	54
Bombay, Baroda and Central India.	..	..	19	1,21	1,40
Burma .	..	..	16	54	70
East Indian .	..	..	50	3,55	4,05
Great Indian Peninsula.	..	..	5	3,33	3,38
Jodhpur .	..	..	..	42	42
Madras and Southern Mahratta.	..	..	75	1,35	2,10
North Western.	..	24	12	7,51	7,87
Rohilkund and Kumaon.	..	10	12	28	50
South Indian	..	..	..	1,06	1,06
Total .	2	34	2,79	21,11	24,26

6. *Amenities for Passengers.*—The statement below shows against each railway the expenditure proposed on the various categories under which these amenities are usually sub-divided: —

(Figures in thousands.)

Railways.	Improvement of latrines and sanitary arrangements.	Water supply to passengers.	Provision of lower class waiting rooms and waiting halls.	Provision of covered platforms.	Provision of refreshment rooms and tea stalls for lower class passengers.	Booking facilities.	Raised platforms.	Additional carriages to reduce overcrowding.	Improvements in existing carriages.	Any other objects to improve the amenities of lower class passengers.	Total.
Aesam Bengal . . .	1	11	11	..	6	1	..	..	..	6	36
Bengal Nagpur . . .	2	5	14	..	8	..	..	..	..	2	31
Bengal and North Western.	5	5	15	..	5	5	..	..	..	..	35
Bombay, Baroda and Central India.	20	20	20	..	10	10	..	..	..	..	80
Burma	10	5	5	15	5	..	10	..	..	..	50
Eastern Bengal . . .	5	5	12	19	13	3	10	..	..	..	67
East Indian	35	1,00	1,55	40	20	25	2,85	5,19	2,01	4,25	18,05
Great Indian Peninsula.	..	..	5	..	..	..	25	..	..	..	30
Jodhpur	3	..	8	..	..	..	7	..	..	..	18
Madras and Southern Mahratta.	45	90	55	20	10	45	10	..	..	45	3,20
North-Western . . .	8	16	11	45	..	..	51	..	..	18	1,49
Rohilkund & Kumaon	..	..	16	37	..	..	..	..	..	..	53
South Indian	8	4	21	35	5	26	60	..	..	..	1,62
TOTAL	1,42	2,61	8,51	2,11	82	1,15	4,58	5,19	2,01	4,66	28,31

7. *Rolling Stock*.—Of the total amounts provided for expenditure on rolling stock during 1936-37, 20·84 lakhs (of which about 12·90 lakhs are from the Depreciation Fund) are for completion of works sanctioned in previous programmes. The expenditure on new 'items' is shown in the statement below.

	Broad Gauge.			Metre Gauge.			Narrow Gauge.			Total.		
	Addi- tions.	Renewals.		Addi- tions.	Renewals.		Addi- tions.	Renewals.		Addi- tions.	Renewals.	
		Capital.	Dep. Fund.		Capital.	Dep. Fund.		Capital.	Dep. Fund.		Capital.	Dep. Fund.
I.—Locomotives—												
(a) Engines and Ten- ders.	2,25	—27,78	38,73	..	4,15	4,46	..	22	2,44	2,25	—23,41	45,63
(b) Boilers	..	5,02	27,27	..	74	5,88	..	17	15	..	5,93	33,30
(c) Miscellaneous Ex- penditure.	..	51	..	..	4	..	..	..	..	..	55	..
II.—Coaching Stock—												
(a) I and II class	..	19,53	16,15	2,24	3,22	6,75	..	4	46	2,24	22,79	23,36
(b) Inter and III class	5,19	7,17	14,60	..	7,82	13,37	..	74	2,39	5,19	15,73	30,36
(c) Composites	..	5,84	6,43	..	44	1,55	..	2	12	..	6,30	8,10
(d) Other coaches and miscellaneous expenditure.	7,57	—5,44	36,64	1,64	3,94	11,45	..	13	1,99	9,21	—1,37	50,08
III.—Goods Stock—												
(a) General Service	95	4,05	20,00	..	..	..	..	..	..	95	4,05	20,00
(b) Other types	4,20	5,45	7,54	1,78	2,26	13,42	..	2	16	5,98	7,73	21,12
(c) Miscellaneous ex- penditure.	1,04	96	1,45	..	—2,19	2	2	..	..	1,06	—1,33	1,47
Total	21,20	15,31	1,68,81	5,66	20,42	56,90	2	1,34	7,71	26,88	37,07	2,33,42

The programme provides for the construction of new units of stock shown in the table below, all of which, however, will not necessarily be completed and be available for use before the 31st March 1937.

	Broad Gauge.			Metre Gauge.			Narrow Gauge.		
	Additions.	Re-newals.	Total.	Additions.	Re-newals.	Total.	Additions.	Re-newals.	Total.
	No.	No.	No.	No.	No.	No.	No.	No.	No.
1. Locomotives	1	13	14	..	22	22	..	2	2
2. Coaching vehicles (in terms of 4-wheelers).—									
(a) I and II class	..	131	131	11	55	66	..	4	4
(b) Inter and III class.	30	141	171	..	167	167	..	47	47
(c) Composites	..	58	58	..	10	10	..	2	2
(d) Other coaches	40	151	191	8	131	139	..	21	21
3. Goods wagons (in terms of 4-wheelers).—									
(a) General Service.	25	725	750	..	...	...	..	..	..
(b) Other types	48	206	314	33	140	173	..	4	4

The programme contains provision for scrapping, without renewal, of 30 locomotives, 25 units of carriages and 79 units of wagons on Great Indian Peninsula Railway and 29 locomotives, 250 units of carriages and 12 units of wagons on North Western Railway.

The following statement shows, in terms of four-wheelers, the details of the new units of coaching and goods stock which will be *additions* to the authorised stock of the Railways:—

Railways.	Coaching Stock.				Goods Stock.			
	Broad Gauge		Metre Gauge.		Broad Gauge.		Metre Gauge.	
	Inter and III.	Other coaches.	Inter and III.	Other Coaches.	General Service.	Other types.	General Service.	Other types.
Assam Bengal	..	..	..	..	..	..	..	30
Eastern Bengal	..	5	..	19	..	13	..	3
East Indian	30	30	..	..	25	30	..	..
Great Indian Peninsula	..	5	..	..	..	5	..	..
Total	30	40	..	19	25	48	..	33

New Construction.

In the Explanatory Memorandum of the Railway Budget for 1935-36, it was stated that Government were considering the resumption of new construction work, which had been held in abeyance for some time due to unfavourable circumstances. On re-examination of certain new construction projects, it has been found that they are not now likely to yield an adequate return on the capital to be expended. The further consideration of these projects has, therefore, been postponed. A number of other projects are still under investigation and these will be examined on receipt of the project reports and estimates from Railway Administrations.

During 1936-37 a total provision of Rs. 23·65 lakhs has been allowed for new construction out of which Rs. 22 lakhs are for the Megna Bridge. This bridge, which will replace the existing Assam Bengal Railway wagon ferry, is considered to be a matter of vital importance as a means of through communication between Assam and Eastern Bengal.

APPENDIX III.

Capital and Depreciation Fund expenditure on Open Lines and New Construction during 1936-37.

(Figures in thousands of rupees.)

Railways.	Open Lines.			New Construction.		
	Rolling stock.	Other items.	Total.	Lines in progress.	New lines.	Total.
State Railways managed by the State.						
Burma Railways . . . { Capital .	25	8,95	9,20	1,00	...	1,00
{ Dep. Fund	12	19,51	19,63	...	...	...
Eastern Bengal Railway . . { Capital .	18,50	4,37	22,87	2	...	2
{ Dep. Fund	22,21	37,17	59,38	...	...	...
East Indian Railway . . . { Capital .	34,10	72,18	1,06,28	...	...	...
{ Dep. Fund	19,14	31,54	1,00,68	...	...	...
Great Indian Peninsula Rail- { Capital .	5,77	14,22	19,99	...	...	...
way. { Dep. Fund	41,88	47,06	91,94	...	...	...
North Western Railway { Capital .	—18,06	32,95	14,89	...	...	...
(Commercial Lines). { Dep. Fund	36,84	61,43	1,01,27	...	...	...
North Western Railway { Capital .	—3,32	20,61	17,29	...	...	...
(Strategic Lines). { Dep. Fund	5,46	40,95	46,41	...	...	...
State Railway Collieries . Capital .	...	—74	—74	...	...	...
Total—State Railways manag- { Capital .	37,24	1,52,54	1,89,78	1,02	...	1,02
ed by the State. { Dep. Fund	1,28,65	2,90,66	4,19,31	...	...	...
State Railways managed by Companies or Indian States.						
Assam Bengal Railway . . . { Capital .	3,04	8,18	11,22	22,00	...	22,00
{ Dep. Fund	4,10	16,15	20,25	...	...	...
Bengal Nagpur Railway . . { Capital .	4,51	34,05	38,56	1	...	1
{ Dep. Fund	23,58	64,83	88,41	...	...	...
Bezwada Extension . . . { Capital .	...	8	8	...	...	...
{ Dep. Fund	...	6	6	...	...	...
Bengal and North Western { Capital .	—12	5,51	5,42	...	...	...
Railway. { Dep. Fund	2,32	6,88	9,20	...	...	...
Bombay, Baroda and Central { Capital .	11,21	25,58	36,79	...	...	...
India Railway. { Dep. Fund	49,95	45,14	95,09	...	...	...
Dhone Kurnool Railway . Capital .	...	44	44	...	...	...
Jodhpur Railway . . . { Capital .	...	7,54	7,54	65	...	65
{ Dep. Fund	21	9,56	9,77	...	...	...
Madras and Southern Mahratta { Capital .	8,64	18,83	27,47	...	...	...
Railway. { Dep. Fund	20,18	46,01	66,19	...	...	...
Rohilkund and Kumaon Rail- { Capital .	1,51	1,51	3,02	...	...	...
way. { Dep. Fund	81	2,04	2,85	...	...	...
South Indian Railway . . . { Capital .	5,86	23,32	29,18	3	...	—3
{ Dep. Fund	16,52	45,21	61,73	...	...	...
Total—State Railways managed by Companies or { Capital .	34,65	1,25,07	1,59,72	22,63	...	22,63
Indian States. { Dep. Fund	1,17,67	2,35,88	3,53,55	...	...	...
Total—All State Railways . { Capital .	71,89	2,77,61	3,49,50	23,65	...	23,65
{ Dep. Fund.	2,46,32	5,26,54	7,72,86	...	...	...

APPENDIX III—*concl'd.*

(Figures in thousands of rupees.)

Railways.	Open Lines.			New Construction.		
	Rolling stock.	Other items.	Total.	Lines in progress.	New lines.	Total.
For emergencies . . . { Capital . . .	...	2,00	2,00	...	...	...
{ Dep. Fund . . .	...	3,00	3,00	...	...	...
Hardinge Bridge protection and training works. { Capital . . .	...	1	1	...	...	...
{ Dep. Fund . . .	...	3,06	3,06	...	...	...
Earthquake damages . . . { Capital . . .	...	4,84	4,84	...	...	...
{ Dep. Fund . . .	...	11,08	11,08	...	...	...
Repayments from revenue for Hardinge Bridge works and earthquake damages. Dep. Fund . . .	...	—15,00	—15,00	...	...	...
Total . . . { Capital . . .	71,89	2,84,46	3,56,35	23,65	...	23,65
{ Dep. Fund . . .	2,46,32	5,28,68	7,75,00	...	...	...
Probable savings . . . { Capital . . .			—55,00			
{ Dep. Fund . . .			—75,00			
Total Open Lines and New Construction . . . { Capital . . .			3,25,00			
{ Dep. Fund . . .			7,00,00			

NOTE.—Figures in italics represent expenditure from the Depreciation Fund.

APPENDIX IV.

Capital at charge of State-owned Railways.

(Figures in lakhs of rupees).

Railways.	1934-35.	1935-36, Estimate.	1936-37, Estimate.
State Railways managed by the State.			
1. Burma	35,02	34,90	34,99
2. Eastern Bengal	51,10	51,06	51,25
3. East Indian	1,44,51	1,45,26	1,46,22
4. Great Indian Peninsula	1,21,31	1,20,76	1,20,91
5. North-Western { Commercial	1,12,78	1,12,95	1,47,25
{ Strategic	34,07	34,04	
Total	4,98,79	4,98,97	5,00,62
State Railways managed by Companies or Indian States.			
6. Assam Bengal	23,66	23,93	24,25
7. Bengal Nagpur	77,45	77,69	78,00
8. Bengal and North Western	9,97	9,99	10,04
9. Bezwada	18	18	18
10. Bombay, Baroda and Central India	75,96	76,34	76,63
11. Dhone Kurnool	27	28	28
12. Jodhpur	1,02	1,12	1,20
13. Madras and Southern Mahratta	55,20	55,45	55,79
14. Rohilkund and Kumaon	2,48	2,51	2,54
15. South Indian	45,25	45,50	45,75
Total	2,91,44	2,92,99	2,94,57
Miscellaneous.			
16. Abandoned projects	32	32	32
17. State Railway Collieries (including East Indian Railway Collieries).	1,96	1,95	1,95
18. Other miscellaneous items	2,78	2,78	2,80
Total	5,06	5,05	5,07
GRAND TOTAL	7,95,29	7,97,01	8,00,26

APPEN

Gross Traffic Receipts

RAILWAYS.	1924-25	1925-26.	1926-27.	1927-28.	1928-29.
	M.	M.	M.	M.	M.
Open mileage at end of the year . . .	27,072	27,090	27,061	28,086	29,111
	Rs.	Rs.	Rs.	Rs.	Rs.
State Railways managed by the State—					
Burma	4,20	4,93	4,61	5,03	4,95
Eastern Bengal	5,92	6,29	6,72	7,00	7,03
East Indian	20,61	19,72	19,66	20,43	20,31
Great Indian Peninsula	15,16	14,63	14,70	15,09	15,30
North Western—Commercial Lines	15,13	13,70	14,04	14,89	14,23
Strategic Lines	1,00	1,64	1,53	1,60	1,67
State Railways managed by Companies or Indian States—					
Assam Bengal	1,44	1,64	1,76	2,05	2,07
Bengal Nagpur	8,38	8,38	8,20	8,16	9,12
Bombay, Baroda and Central India	12,33	12,14	11,26	11,34	11,86
Jodhpur	29	26	21	25	21
Lucknow Bareilly	36	37	36	40	36
Madras and Southern Mahratta	7,91	8,14	8,12	8,64	9,20
South Indian	5,15	5,44	5,49	5,80	5,63
Tirhoot	1,47	1,56	1,70	1,67	1,70
Other Railways	9	10	6	8	9
Total	1,00,13	98,94	98,42	1,03,43	1,03,73

DIX VA.

(excluding worked lines).

(Figures in lakhs of rupees.)

1929-30.	Average 1924-25 to 1929-30.	1930-31.	1931-32.	1932-33.	1933-34.	1934-35.	Average 1930-31 to 1934-35.	Revised estimate, 1935-36.	Budget estimate, 1936-37.
M.	M.	M.	M.	M.	M.	M.	M.	M.	M.
30,878	28,305	31,197	31,640	31,642	31,644	31,619	31,548	31,689	31,689
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
4,87	4,78	4,28	3,74	3,33	3,57	3,72	3,73	3,65	3,70
6,73	6,62	5,86	5,05	4,91	5,07	5,43	5,26	5,22	5,28
19,85	20,10	18,24	17,36	17,27	17,63	18,71	17,84	18,54	18,65
14,58	14,91	13,33	11,92	11,95	12,21	12,17	12,32	12,40	12,53
14,39	14,40	14,98	13,34	12,73	13,23	13,87	13,63	13,96	14,24
1,59	1,60	1,48	1,32	1,23	1,23	1,23	1,30	1,25	1,28
2,06	1,83	1,96	1,84	1,56	1,60	1,80	1,75	1,66	1,70
9,31	8,76	8,17	7,24	6,91	7,39	7,95	7,53	8,51	8,69
11,52	11,74	10,90	10,30	10,17	10,61	11,07	10,61	11,01	11,11
25	24	23	18	23	25	28	23	38	35
36	37	36	35	36	36	37	36	36	36
8,98	8,50	7,98	7,15	6,66	6,84	6,72	7,07	6,35	6,64
6,33	5,64	5,80	5,30	5,51	5,14	5,24	5,40	5,03	5,07
1,74	1,64	1,40	1,41	1,48	1,38	1,52	1,44	1,56	1,52
15	9	13	13	13	12	12	13	12	13
1,02,70	1,01,22	95,10	86,63	84,43	86,63	90,20	88,60	90,00	91,25

APPENDIX

Ordinary Working Expenses

RAILWAYS.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.
	Rs.	Rs.	Rs.	Rs.	Rs.
State Railways managed by the State—					
Burma	2,18	2,32	2,40	2,49	2,76
Eastern Bengal	3,47	3,83	3,63	3,73	3,86
East Indian	10,54	10,11	9,91	9,85	10,02
Great Indian Peninsula	8,05	9,05	8,81	8,19	8,37
North Western—Commercial Lines	7,46	7,00	7,74	7,98	7,94
Strategic Lines	1,56	1,45	1,52	1,58	1,60
State Railways managed by Companies or Indian States—					
Assam Bengal	82	83	89	97	1,02
Bengal Nagpur	4,73	4,81	4,44	5,04	5,11
Bombay, Baroda and Central India	5,91	6,24	6,05	5,84	6,08
Jodhpur	17	17	16	15	17
Lucknow Barielly	12	13	16	15	14
Madras and Southern Mahratta	3,63	3,87	3,95	3,94	3,99
South Indian	2,60	2,69	2,55	2,60	2,63
Tirhoot	36	44	57	59	51
Other Railways	5	5	11	—4	2
Total	51,65	52,99	52,89	53,06	54,22

NOTE.—Credits for material released from works not charged to revenue were taken in added to

VB.

(excluding worked lines).

(Figures in lakhs of rupees.)

1929-30.	Average 1924-25 to 1929-30.	1930-31.	1931-32.	1932-33.	1933-34.	1934-35.	Average 1930-31 to 1934-35	(Revised) Estimate, 1935-36.	(Budget) Estimate, 1936-37.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
2,57	2,45	2,30	2,33	2,20	2,27	2,30	2,28	2,28	2,23
3,84	3,73	3,74	3,29	3,24	3,36	3,45	3,42	3,61	3,70
10,21	10,11	9,95	9,02	9,17	9,22	9,31	9,33	9,33	9,45
8,37	8,47	8,57	7,13	7,21	7,13	6,88	7,38	6,92	6,93
8,47	7,77	9,13	7,74	7,37	7,72	7,81	7,93	7,71	7,79
1,68	1,56	1,76	1,38	1,46	1,42	1,47	1,50	1,50	1,52
1 13	94	1,11	1,09	1,03	1,08	1,17	1,10	1,13	1,12
5,51	4,94	5,02	4,83	4,89	4,94	5,13	4,96	5,51	5,55
6,07	6,03	4,96	5,50	5,48	5,28	5,49	5,34	5,45	5,57
17	17	15	15	15	18	18	16	20	21
15	14	23	16	16	16	15	17	14	15
3,95	3,89	3,75	3,40	3,30	3,39	2,47	3,46	3,48	3,50
2,79	2,64	2,73	2,63	2,77	2,71	2,73	2,72	2,77	2,78
52	50	98	56	61	57	66	68	66	63
16	6	11	10	4	7	7	8	6	7
55,59	53,40	51,39	49,31	49,08	49,50	50,27	50,51	50,75	51,25

reduction of operating expenses up to 1931-32 but from 1932-33 onwards they have been miscellaneous receipts.

APPEN

Total Working Expenses

RAILWAYS.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.
	Rs.	Rs.	Rs.	Rs.	Rs.
State Railways managed by the State—					
Burma	2,60	2,75	2,83	2,94	3,22
Eastern Bengal	4,19	4,59	4,40	4,52	4,69
East Indian	12,55	12,03	11,90	11,92	12,17
Great Indian Peninsula	9,40	10,51	10,33	9,77	10,04
North Western—Commercial Lines	9,18	8,88	9,49	9,90	10,01
Strategic Lines	1,96	1,80	1,87	1,95	1,99
State Railways managed by Companies or Indian States—					
Assam Bengal	1,08	1,07	1,13	1,21	1,27
Bengal Nagpur	5,76	5,91	5,58	6,21	6,29
Bombay, Baroda and Central India	6,98	7,34	7,21	7,08	7,38
Jodhpur	18	18	17	17	19
Lucknow-Bareilly	17	18	21	19	19
Madras and Southern Mahratta	4,34	4,61	4,77	4,75	4,86
South Indian	3,07	3,16	3,05	3,13	3,23
Tirhoot	51	60	71	74	66
Other Railways	5	5	13	—4	3
Total	62,00	63,66	63,78	64,44	66,22

NOTE:—Credits for materials released from works not charged to revenue were taken
been added to

DIX VC.

(excluding worked lines).

(Figures in lakhs of rupees.)

1929-30.	Average 1924-25 to 1929-30.	1930-31.	1931-32.	1932-33.	1933-34.	1934-35.	Average 1930-31 to 1934-35.	Revised Estimate 1935-36.	Budget Estimate, 1936-37.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
3,05	2,90	2,82	2,86	2,74	2,82	2,84	2,82	2,86	2,86
4,71	4,52	4,66	4,25	4,22	4,33	4,42	4,38	4,46	4,55
12,42	12,17	12,24	11,37	11,52	11,61	11,71	11,69	11,74	11,87
10,20	10,04	10,46	9,07	9,19	9,07	8,90	9,34	8,94	8,94
10,64	9,68	11,29	10,07	9,85	10,01	10,16	10,28	9,58	9,67
2,09	1,94	2,19	1,81	1,90	1,85	1,90	1,93	2,07	2,09
1,40	1,19	1,40	1,40	1,35	1,39	1,49	1,41	1,52	1,52
6,75	6,08	6,33	6,17	6,28	6,32	6,52	6,32	6,80	6,84
7,40	7,23	6,30	6,89	6,87	6,87	6,87	6,72	6,71	6,85
19	18	18	17	16	21	21	18	22	22
20	19	28	20	20	20	19	21	19	19
4,85	4,70	4,63	4,30	4,20	4,29	4,38	4,36	4,41	4,43
3,44	3,18	3,42	3,38	3,55	3,48	3,51	3,47	3,52	3,54
68	65	1,14	72	77	73	81	83	83	80
16	6	12	11	5	8	8	9	16	16
68,18	64,71	67,46	62,77	62,85	63,06	63,99	64,03	64,01	64,53

in reduction of operating expenses upto 1931-32; but from 1932-33, onwards they have miscellaneous receipts.

APPENDIX

Net receipts

RAILWAYS.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.
	Rs.	Rs.	Rs.	Rs.	Rs.
State Railways managed by the State—					
Burma	1,69	2,18	1,78	2,09	1,73
Eastern Bengal	1,73	1,70	2,32	2,48	2,34
East Indian	8,06	7,69	7,76	8,51	8,14
Great Indian Peninsula	5,76	4,12	4,37	5,32	5,26
North Western—Commercial lines	5,95	4,82	4,55	4,99	4,22
Strategic lines	—36	—16	—34	—35	—32
 State Railways managed by Companies or Indian States—					
Assam Bengal	38	57	63	84	80
Bengal Nagpur	2,62	2,47	2,62	2,95	2,83
Bombay, Baroda and Central India	5,35	4,80	4,05	4,26	4,48
Jodhpur	11	8	4	8	2
Lucknow Bareilly	19	19	15	21	17
Madras and Southern Mahratta	3,57	3,53	3,35	3,89	4,34
South Indian	2,08	2,28	2,44	2,67	2,40
Tirhoot	96	96	99	93	1,04
Other Railways	4	5	—7	12	6
 Total	38,13	35,28	34,64	38,99	37,51

VD.

(excluding worked lines).

(Figures in lakhs of rupees.)

1929-30.	Average 1924-25 to 1929-30.	1930-31.	1931-32.	1932-33.	1933-34.	1934-35.	Average 1930-31 to 1934-35.	Revised E timate, 1935-36.	Budget Estimate, 1936-37.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1,82	1,38	1,46	88	59	75	88	91	79	84
2,02	2,10	1,20	80	69	74	1,01	88	76	73
7,43	7,93	6,00	5,99	5,75	6,02	7,00	6,15	6,80	6,78
4,38	4,87	2,87	2,85	2,76	3,14	3,27	2,98	3,46	3,59
3,75	4,72	3,69	3,27	2,88	3,22	3,71	3,35	4,38	4,57
-50	-34	-71	-49	-67	-62	-67	-63	-82	-81
65	64	56	44	21	21	31	34	14	18
2,56	2,68	1,84	1,07	63	1,07	1,43	1,21	1,71	1,85
4,12	4,51	4,60	3,41	3,30	3,94	4,20	3,89	4,30	4,26
6	6	5	1	7	4	7	5	16	13
16	18	8	15	16	16	18	15	17	17
4,13	3,80	3,35	2,85	2,46	2,55	2,34	2,71	1,94	2,21
2,89	2,46	2,38	1,92	1,96	1,66	1,73	1,93	1,51	1,58
1,06	99	26	69	71	65	71	61	73	72
-1	3	1	2	8	4	4	4	-4	-3
34,52	36,51	27,64	23,86	21,58	23,57	26,21	24,57	25,99	26,72

APPENDIX

Profit+

Railways-	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.
State Railways managed by the State—	Rs.	Rs.	Rs.	Rs.	Rs.
Burma	+42	+81	+24	+61	+4
Eastern Bengal	+16	+10	+70	+80	+54
East Indian	+2,89	+2,80	+2,67	+3,19	+2,44
Great Indian Peninsula	+2,42	+47	+71	+1,41	+1,08
North-Western Commercial	+2,87	+1,76	+1,21	+1,23	+9
Strategic	—1,59	—1,47	—1,65	—1,68	—1,74
State Railways managed by Companies or Indian States --					
Assam Bengal	—31	—13	—11	+4	—6
Bengal Nagpur	—12	—47	—40	—20	—47
Bombay, Baroda and Central India	+2,92	+2,20	+1,42	+1,58	+1,64
Jodhpur	+9	+6	+2	+4	—1
Lucknow Barielly	+9	+9	+4	+10	+6
Madras and Southern Mahratta	+1,11	+85	+63	+1,04	+1,38
South Indian	+97	+1,13	+1,20	+1,25	+81
Tirhoot	+63	+60	+68	+56	+66
Other Railways	+1	+3	+3	+3	+3
Miscellaneous	+60	+45	+11	+85	+1,32
TOTAL	+13,16	+9,28	+7,50	+10,85	+7,81

VE.

Loss—.

(Figures in lakhs of rupees.)

1929-30.	Average 1924-25 to 1929-30.	1930-31.	1931-32.	1932-33.	1933-34.	1934-35.	Average 1930-31 to 1934-35.	Revised estimate, 1935-36.	Budget estimate, 1936-37.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
+4	+36	-44	-73	-75	-71	-56	-64	-65	-57
+16	+41	-79	-1,23	-1,28	-1,25	-93	-110	-1,13	-1,17
+1,61	+2,60	-18	-24	-13	+37	+1,14	+19	+1,00	+1,00
+8	+1,03	-1,72	-1,78	-1,68	-1,24	-1,04	-1,49	-69	-63
-64	+1,09	-1,17	-1,56	-1,78	-1,36	-70	-1,32	+11	+27
-1,90	-1,67	-2,17	-1,99	-2,09	-2,03	-2,03	-2,06	-2,15	-2,14
-23	-11	-39	-52	-74	-73	-60	-60	-77	-73
-83	-42	-1,99	-2,48	-2,80	-2,27	-1,86	-2,28	-1,52	-1,33
+1,11	+1,81	+43	+45	+41	+1,00	+1,28	+72	+1,40	+1,41
+2	+4	-1	-3	+3	+1	+3	+1	+11	+9
+5	+7	+6	+4	+5	+5	+8	+6	+7	+7
+89	+98	+1	+14	-19	-4	-26	-7	-53	-5
+1,13	+1,08	+31	+1	+6	-21	-10	+1	-25	-13
+65	+63	+24	+30	+34	+25	+32	+29	+33	+31
-4	+2	-1	-1	+4	+3	+3	+2	+3	+4
+1,94	+88	+2,63	+45	+28	+17	+14	+73	+10	+11
+4,04	+8,77	-5,19	-9,20	-10,23	-7,96	-5,06	-7,53	-4,54	-3,44

APPENDIX

All Railways. (Commercial)

Statement of Receipts

RECEIPTS.	Actuals.					
	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	
	M.	M.	M.	M.	M.	
Open Mileage at end of the year.	27,002	27,090	27,664	28,086	29,111	
Passenger traffic earnings :—	Rs.	Rs.	Rs.	Rs.	Rs.	
Upper class . . .	4,42	4,48	4,46	4,55	4,45	
Third class . . .	31,58	32,17	30,91	31,81	30,89	
TOTAL PASSENGER EARNINGS	36,00	36,65	35,37	36,36	35,34	
Other coaching traffic earnings.	5,91	6,07	6,23	6,32	6,17	
Goods traffic earnings .	63,64	61,58	62,27	66,15	67,78	
Sundry earnings . . .	1,64	1,76	1,73	2,01	2,11	
Suspense	28	..	—6	—9	—25	
Credits for materials released from works chargeable to Depreciation Fund.	..	..	..	..	..	
TOTAL GROSS RECEIPTS .	1,07,47	1,06,06	1,05,54	1,10,75	1,11,15	
Deduct—	Refunds of revenue collected.	..	..	*35	14	15
	Earnings of worked lines.	7,34	7,12	6,77	7,18	7,27
TOTAL	1,00,13	98,94	98,42	1,03,43	1,03,73	
Miscellaneous Receipts .	51	89	1,09	1,25	1,57	
TOTAL	1,00,64	99,83	99,51	1,04,68	1,05,30	

*Includes remissions of earnings also.

VI.

*and Strategic Lines together.)**and Expenditure.*

(Figures in lakhs of rupees.)

EXPENDITURE.	Actuals.				
	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.
	Rs.	Rs.	Rs.	Rs.	Rs.
Capital at charge at end of the year .	6,43,14	6,62,34	6,89,56	7,22,02	7,47,42
Working Expenses—					
Administration	12,33	12,77	13,06	13,44	14,19
Repairs and maintenance	18,10	17,18	18,16	18,05	18,11
Operation :—					
Other than Fuel	15,54	16,44	16,27	16,24	17,16
Fuel	9,76	10,27	8,79	8,81	8,71
Depreciation	10,35	10,67	10,83	11,38	12,00
Suspense	—38	—10	—6	3	—32
TOTAL	65,70	67,23	67,11	67,95	69,85
Deduct—share of worked lines	3,70	3,57	3,33	3,51	3,63
Net working expenses	62,00	63,66	63,78	64,44	66,22
Company's share of surplus profits, etc.	1,42	1,77	1,65	1,57	1,59
Interest :—					
On Government capital at charge	21,23	23,14	24,30	25,75	27,83
On capital contributed by the Companies.	2,67	1,67	1,57	1,52	1,50
Total Interest	23,90	24,81	25,87	27,27	29,33
Miscellaneous charges	16	31	71	55	35
TOTAL	87,48	90,55	92,01	93,83	97,49
Balance net profit for the year	13,16	9,28	7,50	10,85	7,81
Contribution to General Revenues	6,78	5,49	6,01	6,28	5,23
Railway Reserve Fund	6,38	3,79	1,49	4,57	2,58
Railway Depreciation Fund	..	..	..	..	..
Percentage of net profit on Capital at charge.	2.0	1.4	1.1	1.5	1.0
Percentage of net profit (before deducting interest) on capital at charge.	5.8	5.1	4.8	5.3	5.0
Operating ratio (i.e., ratio of working expenses including depreciation to gross traffic receipts)	61.9	64.3	64.8	62.3	63.8
Capital Expenditure—					
Open Line Works	10,07	15,31	16,13	22,16	15,99
New Constructions	3,12	4,32	6,76	10,29	9,25
Depreciation Fund	7,29	7,98	8,05	10,95	9,60
Purchase of Railways and branch line shares, etc.	19	..	4,33	3	4,11

APPENDIX

All Railways. (Commercial)

Statement of Receipts

RECEIPTS.	Actuals.				
	1929-30.	1930-31.	1931-32.	1932-33.	1933-34.
	M.	M.	M.	M.	M.
Open mileage at end of the year.	30,878	31,197	31,640	31,642	31,644
Passenger traffic earnings—	Rs.	Rs.	Rs.	Rs.	Rs.
Upper class	4,26	3,87	3,44	3,25	3,15
Third class	31,49	27,81	25,52	25,69	24,50
TOTAL PASSENGER EARNINGS	35,75	31,68	28,96	28,94	27,65
Other coaching traffic earnings.	5,81	5,40	5,28	5,03	4,92
Goods traffic earnings . .	65,25	60,69	55,41	53,76	58,20
Sundry earnings	2,21	1,97	1,82	1,63	1,59
Suspense	30	46	34	4	—49
Credits for materials released from works chargeable to Depreciation Fund.	..	..	..	1,19	1,19
TOTAL GROSS RECEIPTS .	1,09,32	1,00,20	91,81	90,59	93,06
Deduct—	Refunds of revenue collected.	15	11	11	11
	Earnings of worked lines.	6,47	4,99	4,86	5,13
TOTAL	1,02,70	95,10	86,63	85,62	87,82
Miscellaneous Receipts . .	2,08	1,73	1,20	1,03	88
TOTAL	1,04,78	96,83	87,83	86,65	88,70

VI—contd.

and Strategic Lines together.)

and Expenditure.

(Figures in lakhs of rupees.)

EXPENDITURE.	Actuals.				
	1929-30.	1930-31.	1931-32.	1932-33.	1933-34.
	Rs.	Rs.	Rs.	Rs.	Rs.
Capital at charge at end of the year.	7,78,29	7,91,48	7,97,95	7,97,12	7,95,06
Working Expenses—					
Administration	14,40	14,89	14,66	12,59	12,43
Repairs and maintenance	18,43	16,91	14,21	15,94	16,13
Operation—					
Other than Fuel	17,05	17,60	16,21	17,64	17,64
Fuel	9,01	8,62	7,39	7,27	7,05
Depreciation	12,59	13,07	13,46	13,77	13,56
Suspense	..	3	6	6	—8
Emergency deductions from pay	..	..	—59	—1,93	—1,07
TOTAL	71,48	70,12	65,40	65,34	65,66
Deduct—Share of worked lines	3,30	2,66	2,63	2,49	2,60
Net working expenses	68,18	67,46	62,77	62,85	63,06
Companies share of surplus profits	1,52	1,16	64	65	56
Interest—					
On Government capital at charge	29,09	31,34	31,76	31,57	31,30
On capital contributed by the Companies	1,37	1,38	1,31	1,34	1,28
Total Interest	30,46	32,72	33,07	32,91	32,58
Miscellaneous charges	58	68	55	47	46
TOTAL	1,00,74	1,02,02	97,03	96,88	96,66
Balance net profit (+) or loss (—) for the year	+ 4,04	—5,19	—9,20	—10,23	—7,96
Contribution to General Revenues	6,12	5,74	..	..	..
Railway Reserve Fund	—2,08	—10,93	—4,95	..	..
Railway Depreciation Fund	..	..	—4,25	—10,23	—7,96
Percentage of net profit on Capital at charge	0.5	—0.7	—1.2	—1.3	—1.0
Percentage of net profit before deducting interest on capital at charge	4.4	3.5	3.0	2.8	3.1
Operating ratio (i.e., ratio of Working Expenses including depreciation to Gross Traffic Receipts).	66.4	70.9	72.5	73.4	71.8
Capital Expenditure—					
Open Line Works	16,48	8,94	3,90	—50	—2,28
New Constructions	6,65	4,25	2,79	57	22
Depreciation Fund	11,76	11,40	8,26	6,35	8,08
Purchase of Railways and branch line shares, etc.	7,06	1	..	..	..

APPENDIX

All Railways. (Commercial

Statement of Receipts

RECEIPTS.	Actuals.	Revised Estimate.	Budget Estimate.
	1934-35.	1935-36.	1936-37.
	M.	M.	M.
Open mileage at end of the year	36,253	36,323	36,323
	Rs.	Rs.	Rs.
Passenger traffic earnings—			
Upper class.	3,16	3,17	3,20
Third class	24,77	25,13	25,30
TOTAL PASSENGER EARNINGS	27,93	28,30	28,50
Other coaching traffic earnings	4,92	5,60	5,00
Goods traffic earnings	61,05	60,35	61,25
Sundry earnings	1,62	1,75	1,84
Suspense	8	..	..
Credits for materials released from works chargeable to Depreciation Fund.	90	1,10	1,00
TOTAL GROSS RECEIPTS	96,50	96,50	97,59
Refunds of revenue collected	—12	—12	—12
TOTAL	91,10	91,10	92,25
	5,28	5,28	5,22
Miscellaneous Receipts	95	1,01	1,05
TOTAL	97,33	97,39	98,52

VI—concl'd.

and Strategic Lines together.)

and Expenditure (including worked lines).

(Figures in lakhs of rupees.)

EXPENDITURE.	Actuals.	Revised Estimate.	Budget Estimate.
	1934-35.	1935-36.	1936-37.
	Rs.	Rs.	Rs.
Capital at charge at end of the year	7,95,29	7,97,01	8,00,26
Working expenses :—			
Maintenance of structural works	9.05	8.90	9.00
Maintenance and supply of Locomotive power	17.13	16.80	16.90
Maintenance of carriage and wagon stock	6.08	6.28	6.28
Maintenance of ferry, steamers and harbours	32	29	29
Expenses of Traffic Department	10.92	10.86	10.98
Expenses of General Departments	4.89	4.87	4.89
Miscellaneous Expenses	4.40	4.38	4.35
Electric service Department	1.22	1.19	1.20
Suspense	—9	—9	..
Emergency deductions from pay	—99	—9	..
Depreciation	13.72	13.26	13.28
TOTAL { State Owned	63.99	64.01	64.53
{ Worked Lines	2.66	2.73	2.70
Payments to worked lines	2.62	2.55	2.52
TOTAL	69.27	69.29	69.75
Companies share of surplus profits	61	52	30
Interest :—			
On Government Capital at charge. . . .	30.57	30.16	29.90
On Capital contributed by Companies . . .	1.23	1.21	1.21
TOTAL INTEREST	31.80	31.37	31.11
Miscellaneous charges	71	75	80
TOTAL	1,02.39	1,01.93	1,01.96
Balance net profit (+) or loss (—) for the year	—5.06	—4.54	—3.44
Contribution to General Revenues	..	..	..
Railway Reserve Fund	..	..	..
Railway Depreciation Fund	—5.06	—4.54	—3.44
Percentage of net profit on Capital at charge	—64	—57	—43
Percentage of net profit before deducting interest on capital at charge.	3.4	3.4	3.5
Operating ratio (i.e., ratio of Working Expenses including depreciation to Gross Traffic Receipts.)	70.3	70.3	70.0
Capital Expenditure—			
Open Line Works	27	1.05	3.01
New Constructions	18	26	24
Depreciation Fund	8.66	9.25	7.60
Purchase of Railways and branch line shares, etc.	—20	44	..

APPENDIX VII.

Railway Depreciation Reserve Fund

(Figures in lakhs of rupees.)

Year.	Appropriation to Fund.	Withdrawals towards renewals and replacements.	Net accretion to Fund during year.	Nominal closing balance.	* Temporary loans to meet deficit etc.	Actual closing balance.
1924-25 . .	10,35	7,29	3,06	3,06	..	3,06
1925-26 . .	10,67	7,99	2,68	5,74	..	5,74
1926-27 . .	10,89	8,05	2,84	8,58	..	8,58
1927-28 . .	11,38	10,95	43	9,01	..	9,01
1928-29 . .	12,00	9,60	2,40	11,41	..	11,41
1929-30 . .	12,59	11,76	83	12,24	..	12,24
1930-31 . .	13,07	11,39	1,68	13,92	..	13,92
1931-32 . .	13,46	8,26	5,20	19,12	4,25	14,87
1932-33 . .	13,77	6,35	7,42	26,54	10,23	12,06
1933-34 . .	13,56	8,07	5,49	32,03	8,05	9,50
1934-35 . .	13,72	8,66	5,06	37,09	5,06	9,50
1935-36 (Revised Estimate).	13,26	9,25	4,01	41,10	4,54	8,97
1936-37 (Budget Estimate).	13,28	7,00	6,28	47,38	3,44	11,81

* These are entirely to meet the deficits in the working of the State railways except in 1933-34, the figure for which includes a loan of Rs. 9 lakhs made to certain branch line companies for capital expenditure.

PART II.

General Budget.

Speech by the Hon'ble Finance Member on introducing the Budget Proposals for 1936-37.

1. A year ago, I commented on the complicated character of a financial review which had of necessity to cover three years instead of the normal two. I still find this difference from English practice slightly confusing and I must, therefore, apologise in advance in case it should be found that my statement today is lacking in perspicuity.

I am afraid too that the statement may prove to be dull and this I suppose is inevitable, seeing that a budget speech must proceed on a set plan. But if you find it dull, please remember that I shall find it much more so, if for no other reason than that it is so much more familiar to me than to you.

FINANCIAL YEAR 1934-35.

2. Let me first examine the final accounts for 1934-35.

Last year I anticipated that they would disclose a surplus of Rs. 3,27 lakhs. The actual figure has proved to be Rs. 4,95 lakhs. The excess of Rs. 1,68 lakhs over the revised forecast is due in the main to an increase of Rs. 1,50 lakhs under Customs and Excise. For the rest there are excesses of Rs. 30 lakhs on Income Tax, Rs. 24 lakhs on Posts and Telegraphs, and Rs. 19 lakhs on Currency and Mint but these are partially counterbalanced by a short fall of Rs. 55 lakhs on Salt.

The decrease in Salt is due to a postponement of clearances at the end of 1934-35; the increases under the other heads I have mentioned all point to one cause, *viz.*, that the recovery in India's economic position had set in more strongly than could have been foreseen a year ago. Under the Customs and Excise head there were increases both on imported and on indigenous kerosene, improvements in the yield of the export duties on jute and rice, an improved yield from matches, and unusually high seasonal importations of cotton fabrics, raw cotton and machinery. None of these could have been foreseen when the Budget statement was made; indeed in the case of jute the early months of 1934-35 had shewn a decline and naturally a pronounced reversal of this tendency in the last three months of that year was an agreeable surprise. Similarly telephone receipts manifested a definite spurt in the last quarter of the year, as also did the profits from small coinage owing to the increasing demand for this means of payment—a sure sign of increasing prosperity.

In short, in my inexperience I attached rather too much importance to the Cassandra-like prophecies of those who were concerned for one reason or other to proclaim that India was being ruined by its attachment to the British Empire and its adherence to sterling, and too little to the assurances of those who told me that India had a marvellous power of recuperation from economic troubles. However, I would very much rather err on the side of caution than in the other direction and I do not feel called upon to be unduly penitent, though naturally I shall try to avoid repeating the miscalculation.

The House will remember that last year it was decided to devote the then surplus of Rs. 3,27 lakhs to various non-recurring objects including a crore for constituting a Fund for the Economic Development and Improvement of Rural Areas. After these allocations had been made, there remained a free surplus which was estimated at Rs. 13 lakhs. Later in the Session the Assembly agreed to transfer the whole of the unallocated surplus to the Rural Development Fund, and now that this surplus has turned out to be much bigger than was expected, the result is that the transfers to the Fund amount not to Rs. 1,13 but to Rs. 2,81 lakhs. It will be remembered from the paper which I circulated on the 6th of September last that out of this fund we allocated Rs. 15 lakhs for the improvement of the Co-operative Movement and Rs. 92½ lakhs for grants to the various Provinces on schemes approved by the Government of India. There thus remains in the fund a balance of Rs. 1,73½ lakhs. In order to present my actual proposals as one co-ordinated whole I will leave this balance and come back to its disposal when I have set out more fully the financial situation and prospects as they now appear to me.

FINANCIAL YEAR 1935-36.

3. The revised forecast for the current year also indicates a considerable improvement over our estimates of a year ago and we now anticipate a surplus of Rs. 2,42 lakhs instead of Rs. 6 lakhs. This surplus is produced by an improvement of Rs. 3,53 lakhs in revenue offset by a deterioration of Rs. 1,17 lakhs in expenditure.

The actual figures are as follows :

	(Rs. lakhs.)	
	Budget 1935-36.	Revised 1935-36.
Revenue	82,99	86,52
Expenditure	82,93	84,10
Surplus	6	2,42

These are of course net and they exclude Railways altogether. Full details will be found in the Financial Secretary's memorandum which will be among the papers available when I have finished my speech, but clearly you will expect from me some explanation of such wide variations.

Revenue.

4. To take Revenue first. Of the excess of Rs. 3,53 lakhs the import duty on sugar is responsible for Rs. 1,85 lakhs and all the other heads of revenue account for Rs. 1,68 lakhs. What this means in effect is that the general under-estimate of 1934-35 was carried forward into 1935-36 and that in addition the tapering off of the sugar revenue has been somewhat delayed.

Apart from sugar, we hope to have an excess of Rs. 40 lakhs in Income Tax clearly due to the improvement in trade being greater than we expected, and in Customs, etc., we anticipate almost precisely the same kind of excesses as were shewn by the final results of 1934-35 over the revised forecast. Raw cotton, machinery, petrol, the export duty on jute and the excises on sugar and matches are all heading for surpluses. Textile fabrics as a whole do not disclose much variation but there are large differences in detail. For example, cotton fabrics of British manufacture are Rs. 80 lakhs below the estimate, but this is more than counterbalanced by an increase of Rs. 90 lakhs in cotton fabrics of other than British manufacture.

5. *Sugar*.—Sugar I must deal with in more detail for here we expect an excess of Rs. 1,85 lakhs on the Customs side or a gross figure of Rs. 3,60 lakhs which is not very materially below the figure of last year. I know that I was told a year ago that my figures here were too low and that the bad sugarcane crop combined with the inadequate protection would falsify my predictions. Well, my predictions look like being falsified but the reasons which were then advanced do not fit the facts. Here are the facts. In spite of the partial failure of the cane crop the yield of the excise duty appears likely to be some Rs. 21 lakhs above our expectations. The estimate which was itself 50 per cent higher than the actuals for the previous year was based on a factory outturn, excluding Khandsari production, of 510,000 tons, whereas the progress of collections points to a probable outturn of over 600,000 tons from factories alone. At the same time the volume of imports is being maintained at a figure only slightly below that of the previous year. It is a reasonable inference from these facts that there was a jump in domestic consumption combined with a decline in non-exciseable forms of indigenous production but our statistics do not enable us to say how much weight to attach to these two opposing factors.

Altogether the anticipated excess on Customs, etc., is Rs. 2,87 lakhs making with the Rs. 40 lakhs expected on Income Tax, Rs. 3,27 lakhs. The remaining Rs. 26 lakhs which go to complete the Revenue excess of Rs. 3,53 lakhs represents a balance of innumerable excesses and deficiencies under other heads, but I have only time to mention a few of these.

6. *Interest*.—The revised estimates for Interest receipts have been reduced by Rs. 13 lakhs because the return anticipated on the investments constituting the Silver Redemption Reserve has been almost completely offset by a depreciation in their market value.

7. *Currency*.—This shews no serious change but the revised estimate conceals an increase on account of unclaimed currency notes combined with a short-fall owing to the fact that our share of the Reserve Bank profits was Rs. 7 lakhs less than had been anticipated.

8. *Mint*.—Here we hope for a surplus of Rs. 16 lakhs due to the greater absorption of small coin.

9. *Posts and Telegraphs*.—As will be seen from the figures I give later, we now expect the position to be Rs. 19 lakhs better than the original estimate.

Expenditure.

10. I now turn to expenditure. The main increases in the revised over the original budget estimates fall under the following headings :

(i) *Extraordinary Payments*.—Here the increase is Rs. 41½ lakhs and this represents the expenditure which we expect to incur from Civil Funds during the current year in connection with the Quetta earthquake. This includes the Government of India's contribution of Rs. 10 lakhs to H. F. the Viceroy's Quetta Earthquake Relief Fund, the provision of the extra police, public health and administrative and clerical establishments rendered necessary by the disaster and the cost of temporary hutting and lighting arrangements, of special measures for the protection of property in the ruined city and of the labour and plant required for salvage and site clearance operations. It also provides for assistance to the rural population in repairing their irrigation channels. I shall, of course, have a good deal more to say about Quetta later on.

(ii) *Interest*.—The House is aware of course that there are two interest heads. "Interest on Ordinary Debt" consists of what we have to pay on our market obligations less what we get back in respect of our outstanding loans to Provinces and the commercial Departments. "Interest on Other Obligations" consists of the amounts paid in respect of Provident and other Service Funds, Savings Bank Deposits and Cash Certificates. I am bound to confess that I cannot see any satisfactory reason for this division into two heads, for they are essentially one. Taking them together, they show a revised figure of Rs. 10,63 lakhs instead of Rs. 10,39 previously estimated. It is impossible to give any simple explanation of the increase for it is the result of the combined operation of a large number of forces pulling in different directions.

(iii) *Currency and Mint*.—The increase of Rs. 10 lakhs is entirely due to a larger demand for currency notes and small coin. It is of course more than made up by an increase on the Revenue side.

(iv) *Miscellaneous Adjustments*.—Here too the excess is more apparent than real for we have an increase of Rs. 15 lakhs in the payments to the Jute growing provinces, owing to an improvement of Rs. 30 lakhs in the yield of the export duty, combined with a decrease of Rs. 6 lakhs due to a transfer of a certain item to the head "Civil Administration".

The remainder of this increase of Rs. 1,17 lakhs is made up by a number of items which fall mainly under Civil Administration and under this head the principal excess is under Frontier Watch and Ward.

11. *Defence*.—The Budget figure was, as the House will remember, Rs. 44,98 lakhs and under the normal procedure any saving on this figure lapses to the Defence Reserve Fund. The principal variations within the total figure of Rs. 44,98 lakhs are as follows :

Receipts show increases on various items totalling about Rs. 9½ lakhs. On the expenditure side substantial savings have accrued from entirely unforeseen causes. The despatch of troops outside India in connection with the international situation is expected to result in a saving of over Rs. 10 lakhs. In order to provide funds for emergency expenditure at Quetta, the Military Engineering Services postponed about Rs. 9½ lakhs of their new works programme, and in consequence of the earthquake the bulk, viz., Rs. 2½ lakhs, of their ordinary maintenance grant for Quetta lapsed. There has been a gain on Exchange amounting to Rs. 4½ lakhs. A further under-spending of Rs. 14 lakhs represents merely the carry forward of liabilities in respect of which the administrative authorities have been unable for various reasons to spend the allotments made in the current year.

These improvements account for about Rs. 50 lakhs but against them we have to set substantial expenditures not contemplated at the time of the budget. The most important of these are about Rs. 36 lakhs arising from the earthquake in Baluchistan mainly on account of temporary housing (including tentage), transportation and stores and Rs. 12 lakhs representing that part of the cost of the Mohmand operations which is expected to be brought to final account this year.

The result of all these variations is an under-spending of Rs. 4 lakhs which will accrue to the Defence Reserve Fund.

During the course of the year, certain withdrawals from the Fund have been made to finance the re-equipment programme and other measures. At the end of the year, in addition to the Rs. 4 lakhs above mentioned, we shall deposit in the Fund from the 1935-36 budget the Rs. 14 lakhs which I have

referred to as representing postponed but inescapable liabilities and Rs. 22 lakhs representing the annual contributions towards the various military equalisation funds. The estimated result of all these transactions is to effect a reduction of about Rs. 25 lakhs in the balance of the Fund as it stood on the 31st March, 1935.

12. *Posts and Telegraphs*.—All that remains in order to dispose for the time being of the year 1935-36 is to give a revised forecast of the results of the Posts and Telegraphs Department. For this Department we show on the Revenue side of the general budget the excess of Gross Receipts over Working Expenses while on the Expenditure side we show the Interest on the capital at charge of the Department. Here are the figures :

		(Rs. lakhs).	
		Budget 1935-36.	Revised 1935-36.
Gross receipts		11,33	11,50
Working Expenses		10,62	10,64
Net receipts		71	86
Interest charges		84	80
Balance	.	—13	+6

Thus, we now expect, instead of an appreciable loss, a small profit. Lower interest rates are responsible for some of the improvement but in the main it is due to increased sales of stamps and a rise in receipts from trunk telephone calls.

Position as on 31st March, 1936.

13. To recapitulate we now expect that the current year will close with a surplus of Rs. 2.42 lakhs. This too I leave over for later examination and meanwhile I place before the Assembly the estimates for the coming year.

FINANCIAL YEAR 1936-37.

Revenue.

14. The total figures for revenue, excluding Railways, are Rs. 87.35 lakhs, an improvement of Rs. 83 lakhs over our revised estimate for the current year.

15. *Customs, etc.*—Here the receipts are estimated at Rs. 54.82 lakhs. This figure presumes a deterioration of Rs. 1.60 lakhs under the import duty on sugar and an all round improvement of Rs. 1.71 lakhs under other heads. Full details of the changes will be found in the Financial Secretary's memorandum, but I must again say a word regarding the yield of the import duty on sugar.

There are three elements in the calculation of the margin available for imports of sugar. First, the growth of domestic factory production, secondly, the extent to which this displaces other forms of indigenous production, and thirdly, the growth of consumption. In the end, we can confidently predict that the outcome of the operation of all the factors will be the reduction of sugar imports to very small dimensions. But the speed at which this result will be

attained is quite uncertain. Last year, the process was delayed by a partial failure of the cane crop and by a combination of the second and third of the above factors, but even so it is clear that the running down process will be somewhat slower than we thought when framing the original estimates for last year. In these circumstances, it is extremely difficult to do more than make an enlightened guess and, on the whole, the best we can do is to assume a figure of Rs. 2 crores for next year's yield of the import duty which is higher than last year's original estimate but considerably lower than this year's results are likely to be. I do not make this prophecy with any over-weening confidence but let me point out to the Assembly that for many years the original estimate of sugar revenue has been wildly inaccurate and, unfortunately, not always in the same direction. The yield of the excise has been estimated at Rs. 1,96 lakhs allowing for an increase of roughly 15 per cent. over the revised estimate of the current year's outturn.

The other items call for no particular comment except that we provide for some recovery from the very striking fall in the imports of British cotton fabrics which I mentioned a few minutes ago and for a continued expansion of the yield of the match excise and the petrol duties.

16. *Taxes on Income.*—Here we are counting on the undoubted and we hope continuing improvement in economic conditions and we anticipate a receipt of Rs. 17,60 lakhs for next year or an increase of Rs. 80 lakhs even over the revised estimate for the current year, or Rs. 1,20 lakhs over the current year's original estimate after allowing for the reduction in the surcharges. This is obviously a very optimistic estimate and the fact that I put it forward should acquit me of any charge of being too conservative under this head at any rate.

While on this subject, I might say a word on the visit of the two income-tax experts who arrived from England last October. They are at present touring India under the guidance of one of our senior Income-tax Commissioners. As I have repeatedly said, the real purpose of their enquiry is a thorough administrative overhaul but, at the same time, they are not ignoring altogether the question of revising the law and arrangements have accordingly been made for the Committee to receive representations from responsible commercial bodies at the various centres it visits. Their task is a big one and they have a great deal of ground to cover so that I do not expect to receive their report before October next. This means that any changes that may be found necessary or desirable as a result of their recommendations cannot come into force before 1937-38 and, therefore, will have no effect on the estimates for the budget year 1936-37.

17. *Currency receipts.*—The only other revenue item that calls for specific mention is Currency receipts. The estimate of Rs. 81 lakhs under this head assumes Rs. 65 lakhs as our share of the profits from the Reserve Bank on a full year's working.

Expenditure.

18. The total figure for expenditure, exclusive of Railways, is Rs. 85,30 lakhs showing an increase of Rs. 1,20 lakhs over the current year's revised estimate. There is an increase under Civil Works a considerable part of which is due to larger payments to the Road Development Fund—an automatic result of the expanding yield of the duty on motor spirit. But there are more important changes to which I wish to draw your attention, *viz.*, a decrease under Interest and increases under Miscellaneous Adjustments, Civil

Administration and Defence. In addition I shall have to mention Extraordinary Expenditure though it does not shew a very large variation from the revised figure of 1935-36.

19. *Interest*.—Again, taking the two heads of Ordinary Debt and Other Obligations together, we get a figure of Rs. 9,20 lakhs as against Rs. 10,63 lakhs in the revised estimate for 1935-36, or a reduction of nearly Rs. 1½ crores. But the position is really better than this, for under “Interest on Other Obligations” there is an increase of Rs. 62 lakhs due mainly to an alteration in the arrangements in respect of the Indian Military Service and the Indian Civil Service Family Pension Funds. At present the subscriptions collected on account of these funds are credited to general revenues and the pensions are paid from the same source. The interest on the balances in the funds does not enter the Government accounts. A *pro forma* account is, however, maintained, showing the balances in the funds, the interest accrued, the subscriptions received and the pensions paid. As the present accounting arrangements are admittedly erroneous, it has been proposed that in future the balances to the credit of the funds should be shown as regular unfunded debt. The subscriptions received and the interest on the balances will be credited to the funds and the pensions will be paid direct from the funds. The Rs. 62 lakhs increase under Interest is offset by reductions of Rs. 34 lakhs under Military Pensions and Rs. 20 lakhs under Civil Pensions. Comparing like with like, the improvement under the Interest heads is over Rs. 2 crores. The reasons for this improvement are, firstly, that we shall get the full benefit of the conversion operations of the current year, and secondly, that we hope to repay the £16·8 millions of 5½ per cent Sterling Stock maturing next year without floating a fresh loan.

20. *Subventions to Sind and Orissa, 1936-37*.—The increase under Miscellaneous Adjustments is due to the provision of Rs. 1,58 lakhs for subventions to Sind and Orissa—Rs. 1,08 lakhs for the former and Rs. 50 lakhs for the latter. It has been decided that these two new provinces shall begin their careers on April 1st, 1936, in advance of the full institution of Provincial Autonomy. It has all along been recognised that they would require subventions, at any rate for some years, after they began their separate existence. The definitive subventions fall to be determined by His Majesty in Council after considering the recommendations of Sir Otto Niemeyer's enquiry, but in the meantime the two Provinces must be put into a position to carry on under the provisional regime, and the present subventions are intended for this purpose. The amounts provided are larger than was at one time anticipated but I do not think that they are framed on an over-lavish basis. They do not purport to provide any substantial margin for new schemes of expenditure and apart from furnishing small opening balances they are intended to do very little more than enable the provinces to balance their budgets during their first year's working. Let me repeat that these subventions are entirely provisional. They are not intended to prejudge the claims of these two provinces at the enquiry which Sir Otto Niemeyer is now holding, when their future subventions will fall to be considered in conjunction with the claims of other provinces.

21. *Civil Administration*.—The increase amounts to Rs. 64 lakhs and I now proceed to describe some of the more important items which go to make up this total. First there are Rs. 18 lakhs for two public health schemes in Delhi. The present methods of dealing with the refuse of Delhi have evoked general comment and have been a menace to public health for a considerable time and a new scheme has now been sanctioned for which a provision of

Rs. 13 lakhs is made. The system of dealing with Delhi sewage has also been examined and has been found to be inadequate and defective ; a final decision has not yet been reached on this, for it has so far been found impossible to frame a scheme the cost of which is not prohibitive. However, the effort to formulate a scheme at a reasonable cost is being continued and, in the meantime, a provision of Rs. 5 lakhs is made to permit of a start being made in 1936-37 if such a scheme turns out to be possible. The opening of the Delhi Broadcasting Station, together with some necessary improvements in programmes generally, will require a further Rs. 4 lakhs in the coming year and there is an extra Rs. 5 lakhs for Civil Aviation where the Capital programme inevitably involves an increase in maintenance charges. Finally, provision is made for the restoration of the cut in pay for the full twelve months of the year instead of eleven as in the current year's figures. This means an extra 11 lakhs.

22. *Defence.*—The Defence Budget stands at the figure of Rs. 45.45 lakhs. Of this, however, Rs. 60 lakhs is a special provision for the reconstruction of Quetta and the replacement of military stores consumed in connection with the earthquake. The ordinary Budget is, therefore, Rs. 44.85 lakhs of which Rs. 18 lakhs is for new measures. The total figure for the present year is Rs. 44.98 lakhs but this includes Rs. 34 lakhs for Indian Military Service Family Pensions which, as I explained in dealing with the Interest heads, is omitted from the Defence budget of next year. The comparable figures for the two years are, therefore, Rs. 44.64 lakhs and Rs. 41.85 lakhs. The real increase is thus Rs. 21 lakhs and this is more than accounted for by two items. Rs. 5 lakhs represents the restoration of the remaining half of the cut in pay of British soldiers which was not budgetted for in 1935-36 and Rs. 20 lakhs an increased provision for ordnance stores. In regard to the latter I must reiterate the warnings which have been given in this connection in recent years that the present budget figures do not represent a new permanent low level of Defence expenditure. The surplus stocks of ordnance stores, the existence of which in the past has tended to keep down the budget are approaching exhaustion and the time has now come at which expenditure under this head must inevitably rise.

23. *Extraordinary Payments.*—I have referred above to the provision in the Defence Budget arising out of Quetta. There is also a provision on the Civil side of Rs. 40 lakhs under the head "Extraordinary payments." This relates mainly to the reconstruction of the most urgently required civil buildings and to the continuance of the special establishments created there to deal with the emergency. While the bulk of the expenditure on salvage will be incurred in the current year, site clearance operations will continue for sometime into the new year and have had to be provided for.

24. *Quetta.*—This is probably the most convenient place to review the Quetta problem as a whole. In 1935-36 we expect to spend from Civil Funds proper Rs. 41½ lakhs, and Rs. 36 lakhs from Army Funds. Practically the whole of this has been on relief, temporary housing, and salvage though there has been a beginning of clearance. Next year we shall have to complete clearance and begin reconstruction. Under Civil Grants Rs. 40 lakhs are provided of which Rs. 12 lakhs are for clearance and special staff and Rs. 28 lakhs for reconstruction. Under Defence there is Rs. 10 lakhs for replacement of stores and Rs. 50 lakhs for reconstruction. Thus the cost to Government of the disaster, up to the stage of beginning reconstruction, may be put at Rs. 41½ plus 36 plus 12 plus 10 lakhs or almost exactly a crore in all. The reconstruction both Civil and Military is at present expected to cost something over seven crores. These estimates are provisional but I have every hope that

they will not be exceeded. The work will take seven or eight years and we do not anticipate that it will be possible to spend appreciably more than a crore in any one year. In 1936-37 we begin with Rs. 78 lakhs of which Rs. 50 lakhs is for Military and Rs. 28 lakhs for Civil buildings, and in the following years the programme will proceed at the rate of about a crore a year.

In explaining the charges on Civil funds I have left out of account the expenditure to be incurred by the two commercial Departments, Railways and Posts and Telegraphs. They have incurred some small expenditure in connection with the immediate emergency and they will both have to incur expenditure on reconstruction. For Railways the cost will be something like Rs. 40 lakhs in all, of which Rs. 12 lakhs has been included in next year's Railway budget and for the Posts and Telegraphs department the cost will be Rs. 9½ lakhs of which Rs. 1 lakh will be spent this year and nearly Rs. 4 lakhs in 1936-37.

We have already heard something and I daresay we are destined to hear a good deal more about the wickedness of paying for the reconstruction of Quetta out of revenue. Perhaps, therefore, I had better say a few words on this subject as a brief opening to the inevitable debate. I take it that nobody will contend that the immediate expenditure on relief, salvage and other emergency measures incurred during the current year should have been charged to capital, with no other results than to decrease the call by the Army Authorities on the Defence Reserve Fund and to increase the surplus on the general budget by some Rs. 40 lakhs. But what will be advocated widely will be that the expenditure upon the reconstruction of the Government buildings together with that to be incurred in clearing the site of the city should be borrowed and this is the proposition that I shall briefly examine. In the first instance let me say that it is contrary to strict financial orthodoxy to borrow for expenditure which does not yield a cash return equivalent to the interest and sinking fund charges on the amount borrowed. I know that this strict view has not always been followed in India but some people might say that our financial difficulties would now be considerably less if a little more orthodoxy had been observed in years gone by. Apart from that, however, unorthodoxy was clearly easier to justify in the days when there was an annual provision of something like Rs. 7 crores a year for the reduction and avoidance of debt. Borrowing for capital expenditure or shall we call it raiding the Sinking Fund, for it is nothing else, may not be a very heinous offence when the Sinking Fund is more than adequate but is that the case now? Leaving out of account the deficit budgets of the early thirties the actual provision in recent budgets has been limited to Rs. 3 crores. Last year I expressed a certain discomfort at the smallness of this amount but comforted myself with the thought that the Railways, which then looked as if they would very shortly resume their contribution to General Revenues, would soon provide ways and means for an increase in the Sinking Fund contribution to a figure more commensurate with a capital debt of Rs. 1,200 crores. But clearly a Railway contribution has now disappeared into the somewhat remote future and we are faced with a situation in which the Sinking Fund contribution is no more than a quarter of 1 per cent. of the debt—obviously a dangerously inadequate figure. Who dare say then that for the next seven or eight years we should by this high-sounding device of borrowing to pay for Quetta still further reduce this already inadequate provision by sums which vary from year to year of course but which are of the order of Rs. 75 lakhs? I certainly cannot accept such a proposition.

But there is another consideration. Borrowing has got to be paid for some time and clearly the burden of it in this instance of Quetta would be fully felt by the Central Budget in the early forties, i.e., at the time when it will or ought to be distributing a proportion of its Income-tax receipts to the Provinces. The task of a Finance Member at the present time must be to see that India is put into a position to finance the new Reforms and at the same time is left if possible with its credit in a state of inexpugnable strength. This being so I cannot possibly have any part or lot in a device which is both unsound in itself, having regard to the size and structure of our debt, and which moreover would diminish the amount ultimately available for distribution to the Provinces.

25. *Posts and Telegraphs.*—In my budget speech last year I referred to the fact that the fixation of the contribution to the depreciation fund was still under examination. That examination is now complete and it is proposed to abandon the depreciation fund conception altogether and to adopt instead that of a fund for renewals and minor improvements. The renewals fund will take over the existing depreciation fund of Rs. 3,17 lakhs and will be fed by annual contributions to be fixed for periods of five years. For the first quinquennium we have, with the assistance of the Auditor General, calculated that a contribution of Rs. 25 lakhs will be an appropriate figure and the Posts and Telegraphs budget provides for this amount instead of the Rs. 29 lakhs provided last year.

The only other item I need mention on the expenditure side of the department is an enhanced provision of Rs. 2 lakhs for providing improved postal facilities in rural areas. Last year my Honourable friends opposite made strong representations on this subject and they will no doubt welcome the fact that the improved financial position of the department enables us in the coming year to do more in this direction than has been possible in these last few years of depression.

On the Revenue side we are reckoning on a continuance of improving trade and an increase of Rs. 38 lakhs over the revised figure for 1935-36. On this basis the position works out as follows :

	(Rs. lakhs.)
Gross receipts	11.88
Working expenses	10.93
Net receipts	95
Interest charges	80
Net surplus	15

Summary of the position for 1936-37.

26. I am now in a position to summarise the estimates for 1936-37 as follows :

	(Rs. lakhs.)
Revenue	87.35
Expenditure	85.30
Surplus	2.05

Before disposing of this and the surpluses for the two earlier years, I must turn aside and give some account of our Ways and Means position.

WAYS AND MEANS.

27. *The Reserve Bank.*—First a word about the Reserve Bank. The Bank began to act as the bankers of Government with effect from the 1st of April, 1935. It took over the management of the currency and the duties of selling treasury bills on behalf of Government and of supplying the Secretary of State with his sterling requirements from the same date. In the beginning of July it assumed its full banking functions and fixed its first bank rate. The first elections to the local boards have been made and its first annual meeting has been held at which the Executive of the Bank submitted their report of its first nine months working. This report has been published in the Gazette and I need say nothing about it except perhaps to mention that in accordance with Section 47 of the Act the Government of India has received Rs. 43 lakhs as its share of the profits, which sum has been included in the revised estimates for the current year, 1935-36.

28. *Remittance.*—The ways and means estimates for the current year provided £26 millions as the sterling requirements of the Secretary of State. Our revised forecast stands at £12 millions. This reduction is due to the large opening balance which the Secretary of State had on the 1st of April, 1935. It will be remembered that our remittance operations are now conducted through the Reserve Bank. For the ten months up to the end of January the Bank has in fact purchased nearly £29 millions of sterling of which about £19½ millions is still shewn among the assets of the Banking Department. In the Issue Department there are considerable sterling assets in excess of the statutory requirement and altogether the external position of the Bank is one of extraordinary strength. Next year we shall expect to call upon the Bank for £41 millions and this includes the repayment of £16·8 millions of 5½ per cent. Stock, 1936-38 without fresh borrowing in London. On present shewing there should be no difficulty whatever about achieving this programme.

29. *Post Office Cash Certificates and Savings Bank deposits.*—The 6½ per cent Treasury Bonds, 1935, and the 5 per cent Bonds, 1935, matured in September and evidently some of the smaller holders have deposited the funds made available to them in the Post Office Savings Bank. This accounts for the increase in the revised estimate to Rs. 9,50 lakhs as against the budget figure of Rs. 8,75 lakhs. Next year's forecast assumes deposits in the Post Office Savings Bank of Rs. 8,25 lakhs net and by 'net' I mean of course the excess of deposits over withdrawals.

The reduction in the rate of interest on Post Office Cash Certificates in 1934 has naturally been followed by larger discharges. We now expect a balance between purchases and discharges during the year 1935-36 and a net discharge of Rs. 50 lakhs during the year 1936-37. It will be remembered that maturities will be particularly heavy during the coming financial year.

30. *Loans to provinces.*—The estimates for the requirements of provinces this year included provision for the repayment of the 6½ per cent Bombay Development Loan, 1935. There will be no such unusual item in 1936-37 and we are providing about Rs. 5½ crores only instead of about Rs. 11 crores.

31. *Borrowing Programme.*—Government have been able to take considerable advantage of the low market rates for borrowing which prevailed both in India and in England during the year. Two loans were issued. The first was a sterling loan early in July for £10 millions of three per cent stock, 1949-52 in part replacement of £12 millions of six per cent Sterling Bonds, 1935-37. The loan was issued at 98 and was oversubscribed seven times, the lists being closed

ten minutes after opening. The services of the Governor of the Reserve Bank, who was in London at the time, were available during the negotiations for this loan, and I am glad to be able gratefully to acknowledge them.

At the end of the same month a three per cent Rupee Loan, 1951-54, for Rs. 15 crores at Rs. 96-8 was announced. The Reserve Bank was entrusted with the issue of the loan and applications amounted to nearly 30 crores. Applications for conversion of five per cent Bonds, 1935, and $6\frac{1}{2}$ per cent Treasury Bonds, 1935, were accepted in full and were allotted nearly Rs. 13 crores. This is the first time that the Government of India has been able to raise a three per cent medium term loan at such a favourable rate.

£3½ millions of East Indian Railway $4\frac{1}{2}$ per cent debenture stock, 1935-55, have also been repaid during the year.

Next year there are no rupee maturities but as I have previously mentioned £16·8 millions of $5\frac{1}{2}$ per cent Sterling Stock, 1936-38 fall due for repayment and we are proceeding on the assumption that we shall be able to repay this amount without further borrowing in London. However, that depends on conditions later in the year and not being a prophet I can only express hopes. I do, however, estimate on the basis of my hopes and for the purpose of calculating interest charges next year I assume the repayment of the sterling stock without replacement. This together with the full effect of the conversion operations of the present year enables us, as I have already said, to reduce the estimate for interest charges to Rs. 9,20 lakhs, or nearly Rs. $1\frac{1}{2}$ crores less than the revised estimate for the current year.

32. Treasury Bills.—The Treasury Bills outstanding on the 1st April, 1935, amounted to Rs. 18,27 lakhs with the Public and Rs. 36,07 lakhs with the Reserve Bank, a total of Rs. 54,34 lakhs. The revised estimate provides for the reduction of this amount to Rs. 13,99 lakhs with the Public and Rs. 20,10 lakhs with the Reserve Bank, Rs. 34,09 lakhs in all by the end of March 1936, as against a total of Rs. 46 crores anticipated in the budget. The difference of Rs. 12 crores is due to the cancellation of Bills held in the Issue Department of the Reserve Bank mainly as a result of the transfer of surplus sterling assets to the Bank. The average rate of interest on Treasury Bills for the 10 months ending January 31st, 1936, was Rs. 1-4-9 per cent against Rs. 1-8-10 per cent for the corresponding period last year.

Next year, on the assumption that we are able to repay the sterling loan without further borrowing from the market, we expect the outstanding balance of treasury bills on the 31st of March, 1937, to be Rs. 20,10 lakhs with the Reserve Bank and Rs. 24,99 lakhs with the Public a total of Rs. 45,09 lakhs.

PROPOSALS FOR 1936-37.

33. I have now set out the final results of 1934-35, the revised forecast of 1935-36 and the first forecast of 1936-37. I now turn to the surpluses that have either accrued or are expected to accrue and Government's proposals for dealing with them. They are, first, the balance of Rs. 1,73½ lakhs remaining over in the Rural Development Fund from the surplus of 1934-35, secondly, the expected surplus of Rs. 2,42 lakhs for the current year, and finally the estimated surplus of Rs. 2,05 lakhs for next year.

34. Surplus for 1934-35.—From the balance of Rs. 1,73½ lakhs available in the Rural Development Fund we propose to allocate:

First.—A grant of Rs. 30 lakhs for Agricultural Research. This will cover the Rs. 10 lakhs still outstanding of the block grant promised to the Imperial Council of Agricultural Research when it was first established

and a further Rs. 20 lakhs for financing other urgent schemes of research, some of which will be under the direct control and supervision of Government. These other schemes include sugarcane research, and investigations in connection with the dairying side of animal husbandry. This branch of the peasants' activity has not received sufficient attention in the past. Experience elsewhere emphasises its importance to the cultivator, both as a means of supplementing his income and of adding to his diet elements that make for good nutrition and, therefore, for good health.

Secondly.—A grant of Rs. 10 lakhs to the Indian Research Fund Association. Health is a vital factor in measures aiming at a general improvement in the conditions of village life and to ensure that the benefit of these Rs. 10 lakhs goes primarily to the rural population the Association will be required to devote the amount mainly to schemes connected with the prevention or cure of malaria.

Thirdly.—A grant of Rs. 5 lakhs for the benefit of cottage and small scale woollen industries.

Honourable Members are aware that the case for the protection of the woollen industry was examined last year by the Tariff Board and that for certain reasons, including the refusal of evidence on the part of an important section of the mill industry, we were unable to accept its claim to protection. But woollen manufacture is also carried on in cottages and in small scale workshops; and the Tariff Board's findings suggested that this branch of the industry stood in greater need of assistance than the other. Further, there was no reason why the action of the manufacturers should be allowed to prejudice its claims.

But, as the Tariff Board pointed out in this case a cottage industry is likely to derive more benefit from technical advice and assistance in marketing arrangements than from the imposition of protective duties. Government, therefore, propose to make a grant for the benefit of the cottage and small scale woollen industry amounting to Rs. 5 lakhs to be spread over five years and our intention is that it should be administered on lines somewhat similar to those adopted in the case of the corresponding grant for sericulture, except that, as research is not likely to be involved, the States will not participate in the allocation of funds. The actual execution of provincial schemes financed from this grant will be in the hands of the Provincial Departments of Industries.

Fourthly.—A grant of Rs. 20 lakhs to the Fund for development of broadcasting. This Fund is, of course, only available for capital expenditure; recurring expenditure is to be provided in the budget in the normal way. In my speech last year I emphasised that the expression "economic development and improvement of rural areas" was used "in a wide sense to cover any measure which will conduce to the amelioration of the conditions of the cultivators and rural classes". Broadcasting which now provides instructional lectures on agriculture and health has a quite legitimate claim on this fund and the additional grant will help to satisfy the demand for such information over a larger area.

This allocation will bring the fund to Rs. 40 lakhs. Although the expenditure so far incurred against the fund amounts to rather less than Rs. 4 lakhs (for the Delhi station) we have before us estimates for work costing Rs. 32 lakhs, and the field for further development is extensive. It is obviously desirable—in fact essential—that we should have the best

technical advice available before we embark upon this further development. We have been fortunate in obtaining this, for the British Broadcasting Corporation have very kindly lent us Mr. Kirke, the head of their Research Department, to advise us on our future programme and I hope that it will be possible to place definite proposals before the Standing Finance Committee next month. After these grants there is still left in the Fund Rs. 1,08½ lakhs. We shall in all probability allocate the bulk of this to Provinces on a rural population basis for expenditure on schemes to be approved by the Government of India. But before deciding upon this finally we shall review the results of last year's grants. It will be remembered that I circulated to the House on the 6th September last a full description of the schemes which had been approved by the Government of India in connection with the grants amounting to Rs. 92½ lakhs which have already been made to Provinces. We have called for full reports from Local Governments as to the actual progress and results of their schemes. We expect that these will be available next month and in the light of them we shall decide whether any alterations are necessary in the conditions of our grants. Needless to say Provincial Governments are more closely in touch with local conditions and needs than we are but, at the same time, the Government of India has its responsibilities in the matter and it will be for consideration whether we should not define more closely the categories of schemes which we are prepared to approve. At all costs we must guard against too much diffusion of effort and we must moreover be careful to see that our money is spent on the most useful schemes. As soon as definite conclusions have been reached we shall take the House fully into our confidence both as regards the results of last year's schemes and our intentions for the future.

Perhaps the House will forgive me if I point out that in the last two years the Government of India have allotted nearly Rs. 3½ crores in the way of special grants for rural purposes. I emphasise the word 'special' for the Leader of the Opposition waxed sarcastic over the grants made last year as if they were the only contributions which the Government of India had made to rural welfare. I dealt with that argument then and I have no doubt that I shall have to deal with it again but at present my purpose is only to claim that we have shewn and are shewing that, whenever resources are available, we are prepared to supplement in no niggardly fashion the work that Provincial Governments are doing on behalf of those in the villages.

SURPLUS FOR 1935-36.

35. *Initial building equipment of Sind and Orissa.*—I now come to the surplus of Rs. 2,42 lakhs which we expect to have on the 31st March next. To begin with I propose to allot Rs. 45 lakhs of it to a special fund for assisting Sind and Orissa to meet their expenditure on the adaptation of old and the provision of new official buildings. It was originally intended to advance the amounts required for this purpose by way of interest-bearing and repayable loans but there are two reasons why we think that this would be ungenerous. First because the needs of these two provinces look like being more than was supposed and secondly, there is the consideration of what has been done in the past in similar circumstances. In 1921, all the provinces were started off with necessary buildings free of debt incumbrances. The North-West Frontier Province was

given, at its inception, not only the existing Government of India Buildings in the Province but also a grant of Rs. 3 lakhs to adapt them. It might reasonably be held then that Sind and Orissa have corresponding claims on the Centre. Moreover, in assessing the subventions clearly the existence of a liability for loan charges for such a purpose would have to be taken into account and it may, therefore, be said that for a good many years at any rate the Government of India would, if it insisted on payment of these loan charges, merely be taking away with one hand and giving back with another.

I may perhaps add two things:

- (a) that we propose to limit our liability strictly to Rs. 45 lakhs, and
- (b) that this amount will be divided so as to give Rs. 17½ lakhs to Sind and Rs. 27½ lakhs to Orissa. The reason for the apparent preference to Orissa is of course that Sind already has a considerable part of the buildings it will need.

After this grant there will remain available from 1935-36 a sum of Rs. 1.97 lakhs and, before I can deal with this, we must not only look at the position as it is likely to be in 1936-37 but we must also cast forward and attempt to make some estimate of the position we shall be faced with in 1937-38 and the immediately succeeding years.

36. *Revenue Reserve Fund*.—We now expect to have a non-recurring balance of Rs. 1.97 lakhs available from 1935-36 and an estimated surplus of Rs. 2.05 lakhs available in 1936-37. What does this imply for 1937-38 which we are assuming to be the first year of Provincial Autonomy? If all goes well, we may perhaps count upon certain reductions in interest charges and improvements of revenue which will produce what in Government of India parlance is known as a betterment of some Rs. 2½ crores over the figures for 1936-37. On the other hand, the separation of Burma will cost us Rs. 2½ crores in that year while it would not be safe to assume a figure of less than Rs. 2 crores as the cost of the initial adjustments which will emerge from Sir Otto Niemeyer's enquiry, *i.e.*, on the existing basis of taxation we can expect in 1937-38 at best a bare balance. If this conclusion is right, then it looks at first sight, as if it would be unjustifiable to reduce taxation at all this year and, of course, it is always much more satisfactory to play for safety in financial affairs. I know, however, what feeling was aroused in commercial quarters by the postponement of their claim for a reduction of the emergency taxation in favour of the restoration of the pay cut and it behoves me, therefore, to look a little more closely into the possibilities. For this purpose it is necessary to look also at the year 1938-39. There ought in that year to be no major alterations of expenditure while, we may hope that if our affairs continue to go well, there may be a further expansion of some Rs. 2 crores in revenue receipts. If this calculation is justified, then it would perhaps be legitimate to reduce taxation in 1936-37 by something like Rs. 2 crores if we can find a non-recurring balance of about the same amount to fill up the consequent deficit in 1937-38. Here then is the significance of the Rs. 1.97 lakhs remaining over from 1935-36. I propose to ask the House to transfer this balance to a Revenue Reserve Fund available to help out the finances of the first year of Provincial Autonomy and in this way I can, with a fairly clear conscience, propose remissions of taxation in 1936-37 so long as they do not alienate revenue to a greater extent than about Rs. 2 crores a year.

What then shall the reductions be?

SURPLUS FOR 1936-37.

37. *Reduction of Taxes on Income.*—The most insistent demand with which I am confronted is the claim for the abolition of the emergency taxes upon income and, as the House knows, there exist certain pledges upon this subject given by my predecessor. The complete removal of the present surcharge of one-sixth on income-tax and super-tax would cost Rs. 2,76 lakhs per annum, while the abolition of the tax on incomes between Rs. 1,000 and Rs. 2,000—which, as I said last year, must also be included in the emergency class—would cost Rs. 47 lakhs more. Obviously if we are limited to surrendering no more than Rs. 2 crores a year, we cannot meet the demand for abolition in full. But we can go a good way towards it and we propose to abolish the tax on lower incomes and to halve the present surcharge, leaving it in future at one-twelfth. In other words, we shall, in the last two years have removed the emergency tax on lower incomes altogether and reduced the surcharges on income-tax and super-tax by two-thirds. The cost of the proposed reductions is Rs. 1,85 lakhs and the surplus for 1936-37 is reduced to Rs. 20 lakhs accordingly.

38. *Reduction in Postage Rates.*—With no more than Rs. 20 lakhs left in hand, we can clearly make no further substantial cut in taxation and we propose, therefore, to make a postal concession which, though inexpensive, will, we believe, be generally welcomed if not gratefully received. This is the increase in the weight of the one anna letter from a half to one tola and the adoption of a scale of an additional half anna for every additional tola. It will cost Rs. 13 lakhs a year and it will absorb all but Rs. 2 lakhs of the expected surplus on the Posts and Telegraphs budget and all but Rs. 7 lakhs of that on the general Budget.

CONCLUSION.

39. I have now completed my story. I cannot expect that everybody will find it agreeable. I do expect, however, that all fair-minded people will admit that it is a reasonable compromise between the claims of the agricultural producer, the claims of the direct taxpayer and the supreme necessity for preserving the credit of India. If I have erred, I think it is in departing too much from the strict canons of financial orthodoxy which I put forward last year, viz., that non-recurrent resources should not be devoted to recurrent demands. The only justification for this departure is the fact that India's economic and political barometers are both rising. If they continue to rise, all may be well. If they do not, the risk will be proved unjustified. And perhaps I may end by saying that the economic barometer cannot rise if the political barometer falls and that the political barometer must fall if the political thermometer rises.

P. J. GRIGG.

The 28th February, 1936.

BUDGET

of the
Governor-General in Council,
as laid before the
Indian Legislature, 1936.

FINANCE DEPARTMENT,
New Delhi, the 28th February, 1936.

J. C. NIXON,
Secretary to the Govt. of India.

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I.—General Statement of the Revenue and Expenditure charged to

	For details, <i>vide</i> State- ment.	Accounts, 1934-35.	Budget Estimate, 1935-36.	Revised Estimate, 1935-36.	Budget Estimate, 1936-37.
		Rs.	Rs.	Rs.	Rs.
Revenue—					
Principal Heads of Revenue—					
Customs	A	52,67,41,915	51,84,00,000	54,71,00,000	54,82,00,000
Taxes on Income	,,	17,54,52,580	16,40,00,000	16,80,00,000	15,67,00,000
Salt	,,	8,00,00,860	8,73,00,000	8,70,00,000	8,75,00,000
Opium	,,	71,94,208	61,16,000	61,70,000	47,41,000
Other Heads	,,	1,91,58,761	1,91,05,000	1,69,66,000	1,87,67,000
TOTAL PRINCIPAL HEADS .		80,85,48,314	78,49,21,000	82,72,39,000	81,59,08,000
Railways: Net Receipts (as per Rail- way Budget)	A	32,36,84,197	32,25,45,000	31,93,76,000	31,73,66,000
Irrigation: Net Receipts	,,	74,570	14,000	24,000	19,000
Posts and Telegraphs: Net Receipts .	,,	1,21,99,599	70,52,000	85,77,000	82,29,000
Interest Receipts	,,	2,01,01,686	2,56,000	70,19,000	62,33,000
Civil Administration	,,	85,12,271	92,75,000	96,76,000	98,08,000
Currency and Mint	,,	1,48,09,080	1,07,01,000	1,22,04,000	1,20,13,000
Civil Works	,,	27,05,410	23,30,000	25,72,000	26,80,000
Miscellaneous	,,	73,77,458	56,03,000	58,94,000	55,40,000
Defence Services	,,	5,30,01,980	4,92,77,000	5,08,84,000	4,03,19,000
Provincial Contributions and miscel- laneous adjustments between Central and Provincial Governments . . .	,,	...	...	...	...
Extraordinary Items	,,	2,514	...	8,000	...
TOTAL REVENUE .		1,25,10,18,168	1,21,00,34,000	1,24,37,18,000	1,22,77,15,000
DEFICIT .		...	...	...	...
TOTAL .		1,25,10,18,168	1,21,00,34,000	1,24,37,18,000	1,22,77,15,000

Revenue of the Central Government, in India and in England.

	For details, vide State- ment.	Accounts, 1934-35.	Budget Estimate, 1935-36.	Revised Estimate, 1935-36.	Budget Estimate, 1936-37.
		Rs.	Rs.	Rs.	Rs.
Expenditure—					
Direct Demands on the Revenue	B	4,04,50,231	4,19,52,000	4,24,07,000	4,17,73,000
Forest and other Capital Outlay charged to Revenue	"	1,66,007	49,000	84,000	37,000
Railways; Interest and Miscellaneous Charges (as per Railway Budget)	"	32,30,54,197	32,35,45,000	31,96,76,000	31,73,66,000
Irrigation	"	5,99,155	5,57,000	5,56,000	5,60,000
Posts and Telegraphs	"	87,03,601	86,46,000	81,79,000	89,90,000
Debt Services	"	13,25,10,608	13,39,13,000	13,62,78,000	12,30,17,000
Civil Administration	"	11,10,43,716	10,17,18,000	10,46,04,000	11,10,12,000
Currency and Mint	"	23,54,015	32,56,000	43,11,000	34,01,000
Civil Works	"	2,42,33,243	2,25,32,000	2,28,54,000	2,56,14,000
Miscellaneous	"	4,39,76,567	4,45,76,000	4,43,95,000	4,17,32,000
Defence Services	"	49,64,27,980	49,90,77,000	50,06,34,000	50,38,19,000
Miscellaneous adjustments between the Central and Provincial Govern- ments	"	2,07,77,696	3,04,94,000	3,13,51,000	4,66,57,000
Extraordinary Items	"	2,84,89,559	1,36,000	2,88,89,000	40,34,000
TOTAL EXPENDITURE CHARGED TO REVENUE		1,34,74,18,168	1,20,94,52,000	1,24,37,18,000	1,22,70,12,000
SURPLUS		80,00,000	5,52,000	...	7,02,000
TOTAL		1,25,10,13,168	1,21,00,34,000	1,24,37,18,000	1,22,37,18,000

Central Government, in India and in England.

	For details, vide Statement.	DISBURSEMENTS.			
		Accounts, 1934-35.	Budget Estimate, 1935-36.	Revised Estimate, 1935-36.	Budget Estimate, 1936-37.
		Rs.	Rs.	Rs.	Rs.
Deficit					
Railway, Irrigation, Posts and Telegraphs and other Capital outlay not charged to Revenue—					
Capital outlay on Security Printing Press	C	—1,11,908	—1,04,000	—96,000	—8,000
Construction of State Railways (as per Railway Budget)	"	25,12,752	5,50,00,000	1,76,00,000	3,25,00,000
Discharge of Debentures (as per Railway Budget)	"	43,57,556	...	...	...
Capital outlay on Posts and Telegraphs	"	32,87,494	55,07,000	47,44,000	42,02,000
Capital outlay on schemes of Agricultural Improvement and Research.	"	78,422	...	37,71,000	7,32,000
Capital outlay on Vizagapatam Port	"	14,71,304	12,50,000	7,70,000	9,95,000
Capital outlay on Light-houses and Light-ships	"	...	...	...	...
Currency Capital outlay	"	—50,619	4,99,14,000	4,99,23,000	—89,000
Initial expenditure on New Capital at Delhi	"	72,18,103	52,45,000	40,06,000	23,68,000
Civil Works	"	—1,77,812	...	...	...
Payment of commuted value of pensions	"	50,37,761	48,93,000	48,17,000	30,90,000
Outlay on Orissa and Sind	"	...	20,00,000	...	...
Payments to Retrenched Personnel	"	—1,08,454	—4,00,000	—2,63,000	—4,44,000
TOTAL CAPITAL ACCOUNT DISBURSEMENTS	...	2,44,10,180	12,28,05,000	8,41,72,000	4,42,24,000
Debt, Deposits and Advances—					
Permanent Debt (net discharged)	C	...	25,42,31,000	22,34,73,000	25,41,33,000
Floating Debt (net discharged)	"	4,50,45,000	3,50,00,000	20,24,50,000	...
Deposits and Advances (net)	"	0,27,91,026	...	...	...
Railway Depreciation and Reserve Funds as per Railway Budget (net)	"	...	...	52,59,000	...
TOTAL DEBT, DEPOSITS AND ADVANCES	...	11,17,36,626	28,92,31,000	43,11,82,000	5,44,23,000
Loans and Advances by the Central Government (net Advances)	C	2,10,09,116	10,28,68,000	9,24,11,000	4,47,83,000
Remittances (net)	"	9,39,280	...	...	"
Balances of Provincial Governments (net)	"	...	57,00,000	2,25,40,000	1,62,55,000
TOTAL DISBURSEMENTS	...	15,80,95,23	52,01,40,000	63,08,05,000	35,96,65,000
Closing Balance { India	...	16,18,31,155	12,61,34,891	12,45,68,155	12,10,27,155
England	...	21,02,06,300	99,76,507	78,69,880	1,12,62,300
TOTAL	...	59,01,32,781	65,70,15,398	78,37,02,571	49,19,40,571

A.—Statement of the Revenue of the Central

HEADS OF REVENUE.	ACCOUNTS, 1834-35.				REVISED ESTIMATE,		
	India.	England.	Exchange.	TOTAL.	India.	England.	Item No.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Principal Heads of Revenue—							
I.—Customs.	52,67,41,915	...	...	52,67,41,915	54,71,00,000	...	1
II.—Taxes on Income	17,54,52,580	...	...	17,54,52,580	16,80,00,000	...	2
III.—Salt	8,00,00,860	...	...	8,00,00,860	8,70,00,000	...	3
IV.—Opium	71,94,208	...	...	71,94,208	61,70,000	...	4
V.—Land Revenue.	20,92,270	...	...	20,92,270	31,23,000	...	5
VI.—Excise	40,08,797	...	...	40,08,797	38,07,000	...	6
VII.—Stamps	42,53,219	...	...	42,53,219	39,10,000	...	7
VIII.—Forest	12,40,713	274	—1	12,40,985	16,00,000	...	8
IX.—Registration	1,06,834	...	...	1,06,834	98,000	...	9
X.—Payments from Indian States	73,96,646	...	...	73,96,646	73,64,000	...	10
TOTAL	80,85,48,041	274	—1	80,85,48,314	83,72,89,000	...	11
Irrigation, etc.—							
XIII.—Works for which Capital accounts are kept—Gross Receipts	1,95,353	...	...	1,95,353	1,59,000	...	12
Deduct—Working Expenses	1,26,858	...	...	1,26,858	1,39,000	...	13
Net Receipts	68,495	...	...	68,495	20,000	...	14
XIV.—Works for which no Capital Accounts are kept	6,075	...	...	6,075	4,000	...	15
TOTAL	74,570	...	...	74,570	24,000	...	16
Posts and Telegraphs—							
XV.—Posts and Telegraphs—Indian Posts and Telegraphs Department—Gross Receipts	11,19,87,400	80	...	11,19,87,480	11,49,74,000	...	17
Deduct—Working Expenses	9,39,70,852	8,18,860	—1,811	9,97,87,681	10,50,81,000	13,23,000	18
Net Receipts	1,30,16,548	—8,18,780	1,861	1,21,99,599	93,93,000	—13,23,000	19
Debt Services—							
XVI.—Interest	42,10,791	1,59,33,798	—32,763	2,01,01,826	34,71,000	85,67,000	20
Carried over	82,59,49,920	1,51,05,293	—30,693	84,09,24,519	84,06,27,000	22,44,000	21

*Sterling converted into

Government, in India and in England.

1935-36.			Increase (+) Decrease (-) as compared with Budget, 1935-36.	BUDGET ESTIMATE, 1936-37.				Increase (+) Decrease (-) as compared with Revised 1935-36.
Item No.	Exchange.	TOTAL.		India.	England.	Exchange.	TOTAL.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	...	54,71,00,000	+ 2,87,00,000	54,82,00,000	...	...	54,82,00,000	+ 11,00,000
2	...	16,60,00,000	+ 40,00,000	15,67,00,000	...	...	15,67,00,000	- 1,13,00,000
3	...	8,70,00,000	- 3,00,000	8,75,00,000	...	...	8,75,00,000	+ 5,00,000
4	...	61,70,000	+ 54,000	47,41,000	...	...	47,41,000	- 14,29,000
5	...	21,29,000	+ 65,000	21,52,000	...	...	21,52,000	+ 23,000
6	...	38,67,000	- 1,15,000	38,16,000	...	...	38,16,000	- 51,000
7	...	39,10,000	- 6,15,000	39,08,000	...	...	39,08,000	- 2,000
8	...	16,00,000	+ 5,25,000	14,37,000	...	...	14,37,000	- 1,63,000
9	...	99,000	...	99,000	...	...	99,000	...
10	...	73,64,000	+ 4,000	73,55,000	...	...	73,55,000	- 9,000
11	...	82,72,39,000	+ 3,23,18,000	81,59,08,000	...	...	81,59,08,000	- 1,13,31,000
12	...	1,59,000	+ 5,000	1,61,000	...	...	1,61,000	+ 2,000
13	...	1,39,000	+ 5,000	1,46,000	...	...	1,46,000	- 7,000
14	...	20,000	+ 10,000	15,000	...	...	15,000	- 5,000
15	...	4,000	...	4,000	...	...	4,000	...
16	...	24,000	+ 10,000	19,000	...	...	19,000	- 5,000
17	...	11,49,74,000	+ 17,17,000	11,74,89,000	...	...	11,74,89,000	+ 25,15,000
18	- 7,000	10,63,97,000	- 1,82,000	10,78,29,000	14,31,000	...	10,92,60,000	- 28,63,000
19	7,000	85,77,000	+ 15,25,000	96,90,000	- 14,31,000	...	82,29,000	- 3,48,000
20	- 10,000	70,19,000	- 12,87,000	88,29,000	24,04,000	...	62,33,000	- 7,86,000
21	- 13,000	84,28,59,000	+ 3,28,16,000	82,94,16,000	9,78,000	...	83,03,69,000	- 1,24,70,000

Rupees at £1 = Rs. 13½.

A.—Statement of the Revenue of the Centre

HEADS OF REVENUE.	ACCOUNTS, 1934-35.				REVISED ESTIMATE		
	India.	England.	Exchange.	TOTAL.	India.	England.	Item No.
Brought forward	Rs. 82,58,48,920	Rs. 1,51,05,292	Rs. —30,893	Rs. 84,09,24,319	Rs. 84,00,27,000	Rs. 22,44,000	
Civil Administration—							
XVII.—Administration of Justice	1,48,915	1,296	—3	1,50,208	1,40,000	...	11
XVIII.—Jails and Convict Settlements	2,35,271	...	...	2,35,271	2,40,000	...	12
XIX.—Police	5,93,541	1,06,607	—553	6,99,555	5,35,000	1,07,000	13
XX.—Ports and Pilotage	20,12,017	...	...	20,12,017	19,43,000	...	14
XX(I).—Light Houses and Light Ships	9,70,717	...	...	9,70,717	9,83,000	...	15
XXI.—Education	2,03,853	...	...	2,03,853	1,62,000	...	16
XXII.—Medical	2,22,635	25,112	—129	2,47,618	2,28,000	25,000	17
XXIII.—Public Health	2,44,178	...	...	2,44,178	2,52,000	...	18
XXIV.—Agriculture	7,99,523	...	...	7,99,523	8,60,000	...	19
XXV.—Industries	15,933	...	...	15,933	15,000	...	20
XXVI.—Miscellaneous Departments	25,98,418	8,418	—25	26,06,806	22,74,000	13,000	21
XXVI-A.—Indian Stores Department	8,26,393	...	...	8,26,393	17,50,000	...	22
TOTAL	83,71,488	1,41,493	—710	85,13,271	85,32,000	1,45,000	23
Currency and Mint—							
XXVII.—Currency	77,84,679	7,77,478	—2,118	55,60,039	73,92,000	21,000	24
XXVIII.—Mint	62,49,841	...	...	62,49,841	47,90,000	1,000	25
TOTAL	1,40,34,620	7,77,478	—2,118	1,48,09,960	1,21,82,000	22,000	26
Civil Works—							
XXX.—Civil Works	26,83,080	22,421	—62	27,05,419	25,67,000	10,000	27
Miscellaneous—							
XXXIII.—Receipts in aid of Superannuation	10,58,321	2,32,407	—566	13,20,332	11,63,000	2,36,000	28
XXXIV.—Stationery and Printing	20,90,519	20,359	—52	11,10,828	33,06,000	17,000	29
XXXV.—Miscellaneous	35,38,003	4,09,374	—1,547	39,46,430	17,47,000	4,28,000	30
TOTAL	67,17,453	6,62,200	—2,165	73,77,458	52,16,000	6,71,000	31
Defence Receipts—							
XXXVI.—Defence Services—Effective	7,64,98,106	2,17,02,327	—68,132	4,71,32,701	2,45,48,000	2,17,10,000	32
XXXVII.—Defence Services—Non-effective	5,97,108	42,55,103	—12,742	48,60,819	5,67,000	41,53,000	33
XXXVIII.—Transfers from Defence Reserve Fund	...	...	...	...	...	...	34
TOTAL	2,70,95,324	2,59,57,520	—80,874	5,30,51,900	2,51,06,000	2,58,63,000	35
Provincial Contributions and Miscellaneous Adjustments between Central and Provincial Governments—							
XXXIX-A.—Miscellaneous adjustments between the Central and Provincial Governments	...	...	...	...	...	...	36
Extraordinary Items—							
XL.—Extraordinary Receipts	...	2,518	—4	2,514	...	3,000	37
XI-A.—Transfers from Revenue Reserve Fund	...	...	...	...	...	...	38
TOTAL	...	4,518	—4	2,514	...	3,000	39
Railway Revenues as per Railway Budget	32,54,01,470	—47,28,718	11,495	32,36,84,197	32,41,73,000	—45,20,000	40
TOTAL REVENUE	1,21,51,53,795	3,79,70,204	—1,65,31	1,25,10,18,168	1,21,63,97,000	2,44,48,000	41

*Ste ling converted into

Government, in India and in England.

1935-36.			Increase (+) Decrease (-) as compared with Budget, 1935-36.	BUDGET ESTIMATE, 1936-37.				Increase (+) Decrease (-) as compared with Revised, 1935-36.
Item No.	Exchange.	Total.		India.	England.	Exchange.	Total.	
	Rs. —12,000	Rs. 54,28,59,000	Rs. +3,26,16,000	Rs. 83,94,16,000	Rs. 9,73,000	Rs. ..	Rs. 53,03,69,000	Rs. —1,24,70,000
1	...	1,40,000	—31,000	1,35,000	...	...	1,35,000	—5,000
2	...	2,40,000	—4,000	2,39,000	...	...	2,39,000	—1,000
3	—1,000	6,41,000	—23,000	6,63,000	1,07,000	...	7,70,000	+1,29,000
4	...	19,43,000	—2,33,000	20,11,000	...	...	20,11,000	+68,000
5	...	9,58,000	+23,000	9,95,000	...	...	9,95,000	+13,000
6	...	1,82,000	—31,000	1,80,000	...	...	1,80,000	—2,000
7	...	2,53,000	+19,000	2,29,000	25,000	...	2,54,000	+1,000
8	...	2,62,000	+29,000	2,13,000	...	...	2,13,000	—39,000
9	...	9,90,000	+58,000	8,87,000	...	...	8,87,000	—73,000
10	...	15,000	...	16,000	...	...	16,000	+1,000
11	...	23,87,000	+2,44,000	23,75,000	8,000	...	23,83,000	+6,000
12	...	17,50,000	+3,40,000	17,25,000	...	...	17,25,000	—55,000
13	—1,000	96,76,000	+4,01,000	96,68,000	1,40,000	...	98,08,000	+1,32,000
14	...	74,13,000	—33,000	61,07,000	...	...	61,07,000	+6,94,000
15	...	47,91,000	+15,36,000	45,05,000	1,000	...	45,06,000	—2,55,000
16	...	1,22,04,000	+16,03,000	1,26,12,000	1,000	...	1,26,13,000	+4,09,000
17	...	25,72,000	+2,42,000	26,70,000	10,000	...	26,60,000	+1,08,000
18	—1,000	14,03,000	—25,000	6,47,000	40,000	...	6,57,000	—7,13,000
19	...	33,23,000	+98,000	31,90,000	17,000	...	32,07,000	—1,16,000
20	—3,000	21,68,000	+1,58,000	22,58,000	3,85,000	...	26,43,000	+4,75,000
21	—8,000	58,94,000	+2,81,000	50,95,000	4,45,000	...	55,40,000	—3,54,000
22	—1,13,000	4,61,45,000	+14,36,000	2,44,07,000	2,12,28,000	...	4,56,35,000	—5,10,000
23	—21,000	46,59,000	+1,21,000	2,22,000	34,62,000	...	36,84,000	—10,05,000
24	...	...	...	...	...	...	...	...
25	—1,34,000	5,05,34,000	+15,57,000	2,46,20,000	2,46,80,000	...	4,93,19,000	—15,15,000
26	...	...	...	...	...	...	...	...
27	...	3,000	+3,000	...	...	...	...	—3,000
28	...	...	...	...	...	...	...	...
29	...	3,000	+3,000	...	...	...	...	—3,000
30	23,000	31,96,76,000	—28,69,000	32,10,22,000	—45,56,000	...	31,78,66,000	—23,10,000
31	—1,27,000	1,24,37,18,000	+3,36,64,000	1,20,60,12,000	2,17,03,000	...	1,33,77,15,000	—1,00,03,000

Rupees at £1 = Rs. 13½.

B.—Statement of the Expenditure charged to Revenue

HEADS OF EXPENDITURE.	ACCOUNTS, 1934-35.				REVISED	
	India.	England.	Exchange.	TOTAL.	India.	Item No.
	Rs.	Rs.	Rs.	Rs.	Rs.	
Direct Demands on the Revenue —						
1.—Customs	1,09,30,815	1,52,936	—379	1,10,73,373	1,16,15,000	1
2.—Taxes on Income	84,33,358	80,769	—179	85,12,946	59,93,000	2
3.—Salt	1,14,31,567	67,559	—159	1,14,99,367	1,18,73,000	3
4.—Opium	34,56,432	33,183	—33	34,89,643	35,09,000	4
5.—Land Revenue	5,85,709	1,601	—4	5,87,297	5,84,000	5
6.—Excise	15,50,223	6,043	—16	15,56,249	16,02,000	6
7.—Stamps	17,79,003	30,639	—93	18,18,549	17,47,000	7
8.—Forest	18,03,358	94,387	—206	18,07,539	18,07,000	8
9.—Registration	16,469	...	...	16,469	17,000	9
	3,39,66,222	4,85,127	—1,118	4,04,50,331	4,18,07,000	10
Forest and other Capital Outlay charged to Revenue—						
3A.—Capital outlay on Salt Works	93,030	...	...	93,030	66,000	11
8A.—Forest Capital outlay	71,100	2,787	—10	73,877	15,000	12
TOTAL	1,64,130	2,787	—10	1,66,907	81,000	13
Irrigation, etc., Revenue Account—						
14.—Works for which Capital accounts are kept—						
Interest on Debt	2,55,093	...	...	2,55,093	2,53,000	14
15.—Other Revenue Expenditure	3,36,398	2,133	—2	3,40,529	2,65,000	15
TOTAL	5,91,491	2,133	—2	5,93,622	5,18,000	16
Irrigation, etc., Capital outlay charged to Revenue—						
16.—Construction of Irrigation, etc., Works—						
Financed from Ordinary Revenues	3,533	...	...	3,533	19,000	17
Posts and Telegraphs Revenue Account—						
17.—Posts and Telegraphs—						
Interest on Debt—						
Indian Posts and Telegraphs Department	84,05,035	...	...	84,05,035	79,98,000	18
Posts and Telegraphs Capital Outlay charged to Revenue—						
18.—Capital outlay on Posts and Telegraphs—						
Indian Posts and Telegraphs Department	2,93,566	...	...	2,93,566	1,81,000	19
Debt Services—						
19.—Interest on Ordinary Debt	20,21,60,900	19,07,72,733	—4,81,148	39,24,52,465	19,08,31,000	20
Deduct—Amount chargeable to—						
Railways	19,31,60,631	11,28,81,738	—3,30,881	30,57,11,608	19,03,35,000	21
Irrigation	2,55,093	...	...	2,55,093	2,53,000	22
Posts and Telegraphs	85,29,989	...	...	85,29,989	81,98,000	23
Provincial Loans Fund	7,91,15,078	...	...	7,91,15,078	7,98,00,000	24
Other heads	7,71,149	...	...	7,71,149	7,00,000	25
Remainder chargeable to Ordinary Debt	—7,96,71,060	7,78,90,945	—1,50,317	—10,30,432	—8,86,80,000	26
25.—Interest on other Obligations	10,38,08,993	6,35,398	—3,261	10,44,41,130	11,46,55,000	27
21.—Reduction or Avoidance of Debt	3,00,00,000	...	...	3,00,00,000	3,00,00,000	28
TOTAL	5,41,37,933	7,85,26,843	—1,53,578	13,25,10,698	5,57,75,000	29
Carried over	10,35,68,910	7,90,16,390	—1,54,708	18,24,30,592	10,63,78,000	30

*Sterling converted into

of the Central Government, in India and in England—*contd.*

ESTIMATE, 1935-36.				Increase (+) Decrease (-) as compared with Budget, 1935-36.	BUDGET ESTIMATE, 1936-37.				Increase (+) Decrease (-) as compared with Revised, 1935-36.
Item No.	England.	Exchange.	TOTAL.		India.	England.	Exchange.	TOTAL.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	1,71,000	-1,000	1,17,65,000	+2,91,000	1,31,79,000	1,58,000	...	1,33,35,000	+15,50,000
2	1,68,000	-1,000	91,78,000	+21,000	65,15,000	1,59,000	...	66,74,000	-5,04,000
3	26,000	...	1,18,89,000	+1,11,000	1,07,58,000	53,000	...	1,08,11,000	-10,88,000
4	62,000	...	35,61,000	-20,000	28,89,000	27,000	...	28,86,000	-6,75,000
5	6,000	...	5,90,000	-14,000	6,41,000	5,000	...	6,46,000	+56,000
6	7,000	...	10,09,000	-79,000	16,30,000	6,000	...	16,36,000	+27,000
7	23,000	...	17,70,000	-1,70,000	18,13,000	32,000	...	18,44,000	+74,000
8	1,32,000	-1,000	19,98,000	+2,00,000	17,99,000	1,26,000	...	19,24,000	-74,000
9	...	...	17,000	-1,000	17,000	...	...	17,000	...
10	6,03,000	-3,000	4,24,07,000	+4,49,000	4,13,10,000	5,63,000	...	4,17,73,000	-0,34,000
11	...	...	66,000	+83,000	29,000	...	...	29,000	-37,000
12	3,000	...	18,000	+2,000	5,000	3,000	...	8,000	-10,000
13	3,000	...	84,000	+85,000	34,000	3,000	...	37,000	-47,000
14	...	...	2,83,000	-7,000	2,54,000	...	...	2,54,000	+1,000
15	19,000	...	2,84,000	+6,000	2,19,000	11,000	...	2,30,000	-64,000
16	19,000	...	5,37,000	-1,000	4,73,000	11,000	...	4,84,000	-53,000
17	...	...	19,000	...	76,000	...	...	76,000	+57,000
18	...	...	79,98,000	-3,55,000	80,58,000	...	...	80,26,000	+28,000
19	...	...	1,81,000	-1,12,000	9,64,000	...	...	9,64,000	+7,83,000
20	19,20,91,000	-9,95,000	38,14,27,000	-25,18,000	18,53,24,000	17,49,25,000	...	36,02,49,000	-2,11,78,000
21	11,18,20,000	-5,79,000	80,15,76,000	+30,68,000	18,97,85,000	10,92,12,000	...	29,89,97,000	+25,79,000
22	...	...	2,63,000	+7,000	2,64,000	...	...	2,54,000	-1,000
23	...	...	81,23,000	+3,77,000	81,51,000	...	...	81,51,000	-28,000
24	...	...	7,98,00,000	+27,00,000	3,16,00,000	...	...	8,16,00,000	-18,00,000
25	...	...	7,00,000	+88,000	7,36,000	...	...	7,36,000	-36,000
26	...	...	...	...	...	...	...	...	...
27	8,02,71,000	-4,16,000	-90,25,000	+37,32,000	-8,52,02,000	6,57,13,000	...	-2,94,59,000	-2,64,04,000
28	6,61,000	-3,000	11,58,03,000	-13,57,000	11,48,85,000	86,11,000	...	12,15,06,000	+62,03,000
29	...	...	3,00,00,000	...	3,00,00,000	...	...	8,00,00,000	...
30	...	...	13,63,78,000	+28,65,000	4,00,83,000	7,33,4,000	...	12,20,17,000	-1,42,61,000
31	8,09,22,000	-4,19,000	18,75,04,000	+23,51,000	10,04,08,000	7,59,11,000	...	17,33,77,000	-1,41,27,000
32	8,15,47,000	-4,22,000	...	...	...	...	...	...	...

B.—Statement of the Expenditure charged to Revenue

HEADS OF EXPENDITURE.	ACCOUNTS, 1934-35.				REVISED	
	India.	England.	Exchange.	TOTAL.	India.	Item No.
	Rs.	Rs.	Rs.	Rs.	Rs.	
Brought forward	10,35,68,910	7,80,10,380	—1,54,708	18,24,30,593	10,63,79,000	
Civil Administration—						
22.—General Administration	1,11,00,580	50,05,884	—13,420	1,61,52,994	1,18,12,000	1
23.—Audit	95,17,450	2,80,845	—741	1,00,97,554	1,04,74,000	2
24.—Administration of Justice	7,03,298	28,141	—80	7,34,359	7,27,000	3
25.—Jails and Convict Settlements	21,34,244	31,113	—82	23,25,274	23,00,000	4
26.—Police	51,33,785	1,19,631	—318	52,53,097	51,98,000	5
27.—Ports and Pilotage	19,72,632	3,00,310	—772	22,72,160	20,34,000	6
27 (1).—Light Houses and Light Ships	9,67,188	18,543	—54	9,76,678	9,70,000	7
28.—Ecclesiastical	20,89,654	7,85,268	—2,094	28,73,705	31,07,000	8
29.—Political	1,54,49,551	10,42,998	—3,885	1,64,89,632	1,36,00,000	9
29-A.—Frontier Watch and Ward	3,09,93,571	1,15,061	—326	3,11,11,306	2,33,63,000	10
30.—Scientific Departments	94,38,304	5,68,151	—1,752	70,04,703	65,88,000	11
31.—Education	29,16,506	43,190	—113	29,59,443	29,22,000	12
32.—Medical	22,93,176	1,27,420	—368	24,20,240	22,85,000	13
33.—Public Health	14,39,504	1,46,692	—447	15,85,749	13,54,000	14
34.—Agriculture	32,02,079	90,792	—214	32,92,657	43,15,000	15
35.—Industries	3,63,796	17,018	—36	3,80,778	7,04,000	16
36.—Aviation	1,06,48,753	43,639	—161	1,06,93,220	16,65,000	17
37.—Miscellaneous Departments	36,40,377	1,10,685	—341	37,59,701	19,25,000	18
37-A.—Indian Stores Department	6,88,219	74,747	—201	7,62,765	20,93,000	19
TOTAL	1,31,08,896	59,59,714	—24,394	11,10,43,716	8,63,81,000	20
Currency and Mint—						
38.—Currency	53,75,817	5,302	—10	53,81,109	20,08,000	21
39.—Mint	13,81,926	84,744	—161	20,73,500	20,23,000	22
TOTAL	73,44,743	90,046	—174	73,64,615	40,31,000	23
Civil Works—						
41.—Civil Works	2,41,17,347	1,16,269	—370	2,43,33,246	2,26,93,000	24
Miscellaneous—						
43.—Famine—						
A.—Famine Relief	2,000	...	...	2,000	9,000	25
44.—Territorial and Political Pensions	29,56,765	1,05,599	—255	30,62,069	29,53,000	26
45.—Superannuation Allowances and Pensions	1,01,61,416	2,08,54,543	—59,012	3,09,59,952	1,08,58,000	27
46.—Stationery and Printing	35,43,659	3,14,521	—993	36,69,187	29,56,000	28
47.—Miscellaneous	4,51,540	19,72,078	—5,390	60,43,328	54,25,000	29
TOTAL	2,05,47,370	2,32,43,746	—65,650	4,37,25,536	2,42,29,000	30
Miscellaneous capital outlay charged to Revenue—						
45-A.—Commutation of pensions financed from Ordinary Revenue	2,48,131	...	...	2,48,031	—3,19,000	31
Defence Services—						
48.—Defence Services—Effective	14,25,71,063	6,04,44,153	—1,70,233	47,36,35,982	35,61,91,000	32
49.—Defence Services—Non-effective	3,67,01,471	5,01,26,193	—1,30,546	8,68,99,074	3,67,15,000	33
50.—Transfers to Defence Reserve Fund	6,02,924	...	...	68,93,924	—24,59,000	34
TOTAL	1,61,66,407	1,05,80,346	—3,18,774	49,64,27,950	30,04,17,000	35
Contributions and Miscellaneous Adjustments between Central and Provincial Governments—						
51-A.—Miscellaneous Adjustments between the Central and Provincial Governments	2,97,77,896	...	...	2,97,77,896	3,13,51,000	36
Extraordinary Items—						
52.—Extraordinary Payments	2,53,00,865	1,19,975	—251	2,64,89,559	58,65,000	37
52-I.—Transfers to Revenue Reserve Fund	...	...	...	...	1,99,98,000	38
TOTAL	2,83,69,865	1,19,975	—281	2,84,89,559	2,88,63,000	39
Railway Expenditure as per Railway Budget	19,82,52,954	12,53,02,471	—3,71,228	32,36,84,197	9,57,94,000	40
TOTAL EXPENDITURE CHARGED TO REVENUE	90,04,21,719	34,79,31,957	—9,35,508	1,24,74,18,168	3,163,68,000	41

* Sterling converted into

of the Central Government, in India and in England—*concl'd.*

Item No.	ESTIMATE, 1936-36.				BUDGET ESTIMATE, 1936-37.				Increase (+) Decrease (-) as compared with Revised, 1934-36.
	England.	Exchange.	TOTAL.	Increase (+) Decrease (-) as compared with Budget, 1935-36.	India.	England.	Exchange.	TOTAL.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
	8,15,47,000	-4,22,000	18,76,04,000	+23,81,000	10,04,66,000	7,29,11,000	—	17,33,77,000	-1,41,27,000
1	51,93,000	-27,000	1,69,84,000	+2,97,000	1,27,59,000	51,68,000	...	1,79,27,000	+9,43,000
2	3,49,000	-2,000	1,08,31,000	+28,000	1,09,13,000	2,99,000	...	1,11,11,000	+3,90,000
3	36,000	...	7,63,000	-37,000	7,75,000	35,000	...	8,10,000	+47,000
4	67,000	...	28,27,000	-22,000	22,41,000	43,000	...	22,84,000	-4,000
5	1,43,000	-1,000	53,40,000	+28,000	54,37,000	1,20,000	...	55,57,000	+2,17,000
6	3,13,000	-2,000	23,46,000	-31,000	23,54,000	8,24,000	...	26,78,000	+3,35,000
7	13,000	...	9,83,000	+23,000	9,74,000	21,000	...	9,95,000	+12,000
8	7,61,000	-4,000	29,57,000	-98,000	29,38,000	7,95,000	...	30,33,000	+76,000
9	10,18,000	-5,000	1,46,08,000	+5,32,000	1,33,15,000	10,02,000	...	1,43,20,000	-2,88,000
10	1,17,000	-1,000	2,24,79,000	+19,15,000	2,12,73,000	1,13,000	...	2,13,85,000	-10,94,000
11	5,47,000	-3,000	71,82,000	-55,000	71,13,000	7,16,000	...	78,38,000	+6,96,000
12	48,000	...	39,70,000	-60,000	39,61,000	43,000	...	30,04,000	+34,000
13	1,24,000	-1,000	24,08,000	-14,000	26,62,000	1,25,000	...	27,87,000	+3,79,000
14	1,44,000	-1,000	11,97,000	-1,01,000	33,56,000	90,000	...	34,46,000	+19,49,000
15	95,000	-1,000	43,09,000	+6,60,000	55,65,000	96,000	...	53,81,000	+13,72,000
16	35,000	...	7,30,000	-58,000	8,75,000	25,000	...	9,00,000	+1,61,000
17	91,000	...	17,56,000	+1,37,000	23,53,000	1,37,000	...	23,80,000	+6,24,000
18	90,000	...	20,15,000	-8,000	23,51,000	1,68,000	...	25,19,000	+5,04,000
19	83,000	...	21,71,000	-24,000	21,83,000	84,000	...	22,67,000	+96,000
20	92,70,000	-48,000	10,40,01,000	+38,91,000	10,16,19,000	93,83,000	...	11,10,12,000	+64,08,000
21	19,000	...	20,27,000	+4,63,000	15,58,000	15,000	...	15,73,000	-4,54,000
22	2,62,000	-1,000	22,84,000	+5,89,000	16,84,000	1,41,000	...	18,26,000	-4,56,000
23	2,81,000	-1,000	43,11,000	+10,65,000	32,42,000	1,59,000	...	34,01,000	-9,10,000
24	1,62,000	-1,000	2,28,54,000	+3,22,000	2,54,95,000	1,29,000	...	2,56,14,000	+37,61,000
25	...	...	9,000	+9,000	...	...	...	...	-9,000
26	1,17,000	-1,000	30,90,000	+69,000	39,28,000	1,08,000	...	30,36,000	-63,000
27	2,00,69,000	-1,04,000	3,08,11,000	-11,41,000	1,08,64,000	1,80,50,000	...	2,89,14,000	-18,97,000
28	2,71,000	-1,000	22,26,000	-3,21,000	33,75,000	3,38,000	...	37,03,000	+4,77,000
29	20,46,000	-11,000	71,60,000	+18,03,000	4,33,40,000	19,43,000	...	61,79,000	-12,81,000
30	2,14,03,000	-1,10,000	4,41,06,000	+1,19,000	2,13,03,000	2,04,29,000	...	4,18,32,000	-37,73,000
31	...	...	-3,10,000	-3,00,000	-1,00,000	...	...	-1,00,000	+1,10,000
32	8,00,37,000	-3,11,000	41,60,17,000	-16,24,000	36,51,98,000	8,11,07,000	...	47,83,05,000	+1,33,85,000
33	5,07,64,000	-2,03,000	8,72,06,000	+3,18,000	3,68,98,000	4,68,50,000	...	6,37,54,000	-2,45,53,000
34	...	...	-24,69,000	+3,17,000	-8,40,000	...	...	-82,41,000	-67,51,000
35	11,07,91,000	-5,74,000	50,06,84,000	+15,57,000	39,38,56,000	10,09,63,000	...	50,38,19,000	+31,85,000
36	...	...	3,13,51,000	+8,57,000	4,86,57,000	...	...	4,06,57,000	+1,63,06,000
37	26,000	...	88,91,000	+85,55,000	40,12,000	23,000	...	40,34,000	-40,57,000
38	...	...	1,96,98,000	+1,93,98,000	...	...	...	...	-1,96,98,000
39	26,000	...	3,88,89,000	+2,82,83,000	40,12,000	34,000	...	40,34,000	-2,43,55,000
40	12,45,87,000	-0,45,000	31,90,76,000	-38,87,000	19,54,65,000	13,19,11,000	...	31,73,66,000	-23,10,000
41	94,91,58,000	-18,03,000	1,24,37,18,000	+3,41,66,000	89,20,85,000	33,49,17,000	...	1,23,70,13,000	-1,67,06,000

Rupees at £1 = Rs. 13½.

C.—Statement of Receipts and Disbursements of the

RECEIPTS.	ACCOUNTS, 1934-35.		
	India.	England.	TOTAL.
	Rs.	Rs.	Rs.
Revenue (from Statement A)	1,21,31,53,295	3,79,70,204	1,25,11,23,499
Exchange	—1,05,331	...	--1,05,331
TOTAL	1,21,30,47,964	3,79,70,204	1,25,10,18,168
Railway Capital not charged to Revenue—			
As per Railway Budget	...	...	...
Public Debt Incurred—			
Permanent Debt—			
<i>Sterling Debt—</i>			
5½ per cent. Stock	...	14,84,909	
5 per cent. Stock	...	5,56,671	
4½ per cent. Stock	...	23,71,485	
4 per cent. Stock	...	1,91,810	
3½ per cent. Stock	...	3,11,10,632	
3 per cent. Stock 1949-52	...	...	
<i>Rupee Debt—</i>			
3½ per cent. Loan 1947-50	25,12,62,400	...	
3 per cent. Bonds 1941	10,67,31,700	...	
3 per cent. Loan 1951-54	...	...	
Other 3½ per cent. Loans	23,900	...	
TOTAL	35,80,18,000	3,57,15,007	39,37,33,007
Floating Debt—			
Treasury Bills—			
Issued to Public	88,82,50,000	...	
Issued to Paper Currency Reserve	1,43,55,67,000	...	
Temporary Loans	74,00,00,000	...	
TOTAL	3,06,38,17,000	...	3,06,38,17,000
Unfunded Debt—			
Deposits of Service Funds	8,35,767	19,03,799	
Post Office Cash Certificates	9,95,32,199	...	
Savings Bank Deposits	53,01,01,140	...	
TOTAL	63,04,69,106	19,03,799	63,23,72,905
Carried over	5,26,53,52,070	7,55,89,010	

*Sterling converted into

Central Government, in India and in England.

REVISED ESTIMATE, 1935-36.			BUDGET ESTIMATE, 1936-37.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1,21,93,97,000 —1,27,000	2,44,48,000 ...	1,24,38,45,000 —1,27,000	1,20,60,12,000 ...	2,17,03,000 ...	1,22,77,15,000 ...
1,21,92,70,000	2,44,48,000	1,24,37,18,000	1,20,60,12,000	2,17,03,000	1,22,77,15,000
...	...	...	...	...	...
...	...	...	...	...	...
...	...	...	...	...	...
...	...	...	...	...	...
...	...	...	...	...	...
...	13,33,34,000	...	...	...	...
...	...	...	...	...	...
...	...	...	...	...	...
...	...	...	...	...	...
...	...	...	...	...	...
15,12,85,900 16,000	...	...	...	...	...
...	...	...	6,000	...	...
15,13,01,000	13,33,34,000	28,46,35,000	6,000	...	...
...	...	...	...	...	...
...	...	...	...	...	...
1,73,02,50,000 32,00,00,000	...	...	2,04,00,00,000 ...	...	...
2,05,02,50,000	...	2,05,02,50,000	2,04,00,00,000	...	2,04,00,00,000
8,07,000 12,54,00,000 58,03,68,000 70,65,75,000	19,43,000 19,43,000	70,85,18,000	7,83,000 13,25,00,000 53,62,93,000 58,95,76,000	93,65,000 98,65,000	67,92,41,000
4,12,73,96,000	15,97,25,000	...	3,91,55,94,000	8,18,68,000	...

C.—Statement of Receipts and Disbursements of the

—RECEIPTS	ACCOUNTS, 1934-35.		
	India.	England.	TOTAL.
	Rs.	Rs.	Rs.
Brought forward	5,26,53,52,070	7,55,89,010	
Deposits and Advances—			
Provincial Loans Fund	12,63,72,659	...	
Posts and Telegraphs Depreciation Fund	9,37,285	...	
Deposits of Local Funds—			
District Funds	16,03,19,754	...	
Other Funds	9,92,65,173	...	
Sinking Funds for Central Loans	1,74,15,444	...	
Other Appropriations for Reduction or Avoidance of Debt	1,63,29,000	...	
Sinking Fund Investment Account	7,39,84,792	...	
Gold Standard Reserve	...	97,26,93,915	
Paper Currency Reserve	...	62,73,02,797	
Silver Redemption Reserve	...	...	
Deposits of Branch Line Companies	5,69,321	...	
Road Development Fund	1,58,90,035	...	
Post Office Cash Certificate Bonus Fund	73,19,301	...	
Fund for reconstruction of Earthquake damage	12,214	...	
Civil Aviation	92,57,000	...	
Economic development and improvement of rural areas	2,81,60,409	...	
Broadcasting	20,00,000	...	
Development in Tribal areas on N.-W. F. P.	25,00,000	...	
Fund for Sind and Orissa Buildings	...	...	
Departmental and Judicial Deposits	97,82,70,170	...	
Advances	29,09,06,351	54,71	
Discount Sinking Fund	8,36,690	...	
Gain or loss on revaluation, sale, transfer, etc., of assets of Paper Currency Reserve	...	...	
Purchases and Sales of Silver	...	...	
Suspense	1,41,79,059	2,22,131	
Exchange on Remittance Account	...	...	
Miscellaneous	63,02,816	1,77,01,325	
Defence Reserve Fund	68,92,924	...	
Revenue Reserve Fund	...	...	
TOTAL	1,86,58,20,697	1,61,79,74,039	3,48,37,95,636
Railway Depreciation and Reserve Funds as per Railway Budget	13,72,42,927	...	13,72,42,927
Carried over	7,26,84,15,634	1,69,35,63,949	

* Sterling converted into

Central Government, in India and in England.

REVISED ESTIMATE, 1935-36.			BUDGET ESTIMATE, 1936-37.		
India	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
4,12,73,96,000	15,97,25,000		3,91,55,94,000	3,13,68,000	
18,75,00,000	...		14,67,00,000	...	
27,67,000	...		25,00,000	...	
16,16,03,000	...		16,18,91,000	...	
10,33,71,000	...		10,17,73,000	...	
1,36,79,000	...		1,36,71,000	...	
1,63,29,000	...		1,63,29,000	...	
74,000	...		...	...	
...	53,40,25,000		...	...	
...	18,27,55,000		...	...	
5,50,000	10,01,60,000		3,00,000	24,00,000	
4,65,000	...		3,90,000	...	
1,35,00,000	...		1,47,50,000	...	
...	...		...	...	
...	...		...	...	
...	...		...	...	
...	...		...	...	
...	...		...	...	
45,00,000	...		...	...	
77,39,09,000	...		78,63,10,000	...	
22,14,24,000	62,000		8,43,93,000	65,000	
66,07,000	...		67,18,000	...	
84,07,000	...		...	...	
10,15,28,000	...		3,00,000	...	
14,13,01,000	9,40,81,000		3,36,12,000	7,00,81,000	
12,09,000	...		...	...	
9,29,76,000	2,02,19,000		1,000	2,66,59,000	
...	...		...	...	
1,96,98,000	...		...	...	
1,87,13,96,000	93,22,02,000	2,80,35,98,000	1,36,96,33,000	8,92,05,000	1,46,88,43,000
13,26,00,000	...	13,26,00,000	13,28,00,000	...	13,28,00,000
6,13,13,92,000	1,09,19,27,000		5,41,80,32,000	13,05,73,000	

Rupees at £ 1 = Rs. 134.

C.—Statement of Receipts and Disbursements of the

RECEIPTS.	ACCOUNTS, 1934-35.		
	India.	England.	TOTAL.
	Rs.	Rs.	Rs.
Brought forward	7,26,84,15,694	1,69,35,63,949	
Loans and Advances by the Central Government—			
Advances to Provincial Loans Fund	1,77,73,017	...	
Other Loans and Advances	...	...	
TOTAL	1,77,73,017	...	1,77,73,017
Remittances—			
I.—Remittances within India—			
Inland Money Orders	80,64,86,970	...	
Other Local Remittances	3,42,717	...	
Other Departmental Accounts	...	...	
Net Receipts by Civil Treasuries from—			
Railways	13,91,61,069	...	
Posts and Telegraphs	5,13,92,117	...	
Net Receipts from Civil Treasuries by—			
Defence Services	81,13,60,957	...	
Posts and Telegraphs	...	...	
II.—Remittances between England and India—			
Remittance Account—			
Iraq drawings	...	84,59,000	
Sale of Silver	...	4,02,48,104	
Other transactions	1,95,85,862	1,59,89,844	
Sterling purchased in India	...	50,05,60,000	
Sterling obtained in London	...	4,52,344	
Remittances through the Reserve Bank	...	...	
Transfers through the Paper Currency Reserve	10,02,30,547	...	
TOTAL	1,42,73,40,239	56,57,07,292	1,99,32,47,531
Balances of Provincial Governments	4,82,09,219	...	4,82,09,219
TOTAL RECEIPTS	8,76,19,38,169	2,25,92,71,241	
Opening Balance	11,88,97,891	(a) 20,87,50,507	
GRAND TOTAL	8,88,08,36,060	2,46,80,21,748	

* Sterling converted into
 (a) Of this amount, £508 represents
 (b) Of this amount, £2,137 represents

Central Government, in India and in England.

REVISED ESTIMATE, 1936-36.			BUDGET ESTIMATE, 1936-37.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
6,13,13,92,000	1,08,19,27,000		5,41,80,32,000	13,05,78,000	
...	...		...	...	
91,53,000	...		78,82,000	...	
91,53,000	...	91,53,000	78,82,000	...	78,82,000
82,61,94,000	...		83,84,39,000	...	
23,44,000	...		22,73,000	...	
3,03,87,000	...		3,03,34,000	...	
11,39,48,000	...		13,09,49,000	...	
...	...		...	...	
32,68,89,000	...		33,58,25,000	...	
30,02,000	...		82,93,000	...	
...	15,16,000		...	...	
...	2,05,36,000		...	...	
1,44,36,000	1,73,36,000		1,41,90,000	1,38,68,000	
...	...		...	...	
14,44,77,000	29,99,20,000		...	54,97,20,000	
...	...		...	...	
1,46,17,77,000	83,93,08,000	1,80,10,85,000	1,36,08,03,000	56,35,88,000	1,92,38,91,000
1,14,39,000	...	1,14,39,000	1,98,52,000	...	1,98,52,000
7,61,37,61,000	1,43,12,35,000		6,80,60,69,000	69,41,61,000	
16,18,31,185	(b) 21,02,06,386		12,45,08,185	78,69,386	
7,77,55,92,185	1,64,14,41,386		6,93,05,77,185	70,20,50,386	

Rupees at 21 = Rs. 13½
 Funds of the Gold Standard Reserve.
 Funds of the Gold Standard Reserve.

C.—Statement of Receipts and Disbursements of the—

DISBURSEMENTS.	ACCOUNTS, 1934-35.		
	India.	England.	TOTAL.
	Rs.	Rs.	Rs.
Expenditure (from Statement B)	90,04,21,719	34,79,31,957	1,24,83,53,676
Exchange	—9,35,508	...	—9,35,508
TOTAL	89,94,86,211	34,79,31,957	1,24,74,18,168
Irrigation, Posts and Telegraphs and other Capital Outlay not charged to Revenue—			
SECURITY PRINTING PRESS	—1,11,908	...	—1,11,908
POSTS AND TELEGRAPHS	32,84,171	3,323	2,87,494
OUTLAY ON SCHEMES OF AGRICULTURAL IMPROVEMENT AND RESEARCH	78,422	...	78,422
VIZAGAPATAM PORT	13,70,352	1,01,012	14,71,364
LIGHT-HOUSES AND LIGHT-SHIPS	—3,008	3,008	...
CURRENCY	—50,619	...	—50,619
INITIAL EXPENDITURE ON NEW CAPITAL AT DELHI	72,13,108	...	72,13,108
CIVIL WORKS	—1,77,312	...	1,77,312
PAYMENT OF COMMUTED VALUE OF PENSIONS	59,37,791	...	59,37,791
PAYMENTS TO RETRENCHED PERSONNEL	—1,08,454	...	—1,08,454
TOTAL	1,74,32,538	1,07,343	1,75,39,881
RAILWAY CAPITAL NOT CHARGED TO REVENUE—			
As per Railway Budget	—1,17,54,979	1,86,25,287	68,70,308
Public Debt Discharged—			
Permanent Debt—			
<i>Sterling Debt—</i>			
6 p. c. Bonds, 1932-33	...	6,667	
Do. 1933-34	...	73,333	
Do. 1933-35	...	1,333	
Do. 1935-37	...	...	
5½ p. c. Stock 1932	...	20,367	
Do. 1936-38	...	...	
East Indian Railway Debenture Stock	...	...	
State Railway Annuities	...	2,36,01,956	
Do. do. Sinking Funds	...	26,66,867	
<i>Rupee Debt—</i>			
6½ p. c. Treasury Bonds, 1935	...	...	
6 p. c. Bonds, 1933-36	14,82,600	...	
Other 6 p. c. Bonds	7,96,100	...	
5½ p. c. War Bonds	79,100	...	
5 p. c. Loan, 1929-47	7,49,250	...	
Do. Bonds, 1935	...	...	
Do. Bonds, 1933	5,37,800	...	
4½ p. c. Bonds, 1934	12,95,01,300	...	
4½ p. c. Holkar State Railway Loan	10,00,000	...	
4 p. c. Loan, 1934-37	19,47,64,300	...	
4 p. c. Conversion Loan, 1916-17	3,02,500	...	
4 p. c. Terminable Loan	500	...	
Other Loans	32,169	...	
TOTAL	32,42,45,619	2,68,78,743	35,56,24,362
Carried over	1,23,44,93,889	39,30,43,330	

* Sterling converted into.

Central Government, in India and in England.

REVISED ESTIMATE, 1935-36.			BUDGET ESTIMATE, 1936-37.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
89,63,68,000	34,91,58,000	1,24,55,26,000	89,20,95,000	33,49,17,000	1,22,70,12,000
—18,08,000	...	—18,08,000	...	...	...
89,45,60,000	34,91,58,000	1,24,37,18,000	89,20,95,000	33,49,17,000	1,22,70,12,000
—96,000	...	—96,000	—8,000	...	—8,000
47,43,000	1,000	47,44,000	42,02,000	...	42,02,000
27,65,000	6,000	27,71,000	7,22,000	...	7,22,000
7,16,000	54,000	7,70,000	7,25,000	2,70,000	9,95,000
—5,000	5,000	...	—2,000	2,000	...
4,99,23,000	...	4,99,23,000	—69,000	...	—99,000
40,06,000	...	40,06,000	23,66,000	...	23,66,000
...	...	...	...	...	...
48,17,000	...	48,17,000	39,90,000	...	39,90,000
—2,63,000	...	—2,63,000	—4,44,000	...	—4,44,000
6,66,06,000	66,000	6,66,72,000	1,14,52,000	2,72,000	1,17,24,000
3,00,000	1,72,00,000	1,75,00,000	1,53,00,000	1,72,00,000	3,25,00,000
...	6,000	...	...	...	...
...	1,000	...	...	...	...
...	15,93,66,000	...	...	...	...
...	27,000	...	...	...	...
...	...	...	...	22,47,74,000	...
...	4,66,67,000	...	...	...	...
...	2,44,24,000	...	...	2,52,77,000	...
...	23,22,000	...	...	23,20,000	...
16,02,20,000	...	...	5,50,000	...	...
4,00,000	...	...	3,00,000	...	...
1,40,000	...	...	1,02,000	...	...
44,000	...	...	44,000	...	...
1,50,000	...	...	1,25,000	...	...
11,36,40,000	...	...	5,00,000	...	...
1,70,000	...	...	1,00,000	...	...
2,25,000	...	...	1,25,000	...	...
...	...	...	...	...	...
1,85,000	...	...	1,25,000	...	...
1,00,000	...	...	75,000	...	...
2,000	...	...	2,000	...	...
19,000	...	...	10,000	...	...
27,52,95,000	23,28,13,000	50,81,08,000	20,58,000	25,23,71,000	26,44,29,000
1,23,67,61,000	59,92,37,000	...	92,09,05,000	60,47,60,000	...

C.—Statement of Receipts and Disbursements of the

DISBURSEMENTS.	GENERAL ACCOUNTS, 1934-35.		
	India.	England.	TOTAL
	Rs.	Rs.	Rs.
Brought forward	1,23,44,09,389	39,30,43,330	
Floating Debt—			
Treasury Bills—			
Issued to Public	1,03,86,25,000	...	}
Issued to Paper Currency Reserve	1,33,41,37,000	...	
Temporary Loans	74,00,00,000	...	
TOTAL	3,11,27,62,000	...	3,11,27,62,000
Unfunded Debt—			
Special Loans	20,216	...	
Treasury Notes	2,500	...	
Deposits of Service Funds	11,95,043	2,35,024	
Post Office Cash Certificates	7,70,02,329	...	
Savings Bank Deposits	40,86,46,481	...	
TOTAL	48,68,66,569	2,35,024	48,71,01,593
Deposits and Advances—			
Provincial Loans Fund	12,68,06,078	...	
Posts and Telegraphs Depreciation Fund	13,49,980	...	
Deposits of Local Funds—			
District Funds	15,82,27,225	...	
Other Funds	9,96,01,588	...	
Sinking Funds for Central Loans	2,31,270	...	
Other Appropriations for Reduction or Avoidance of Debt	...	...	
Sinking Fund Investment Account	5,62,49,200	...	
Gold Standard Reserve	...	97,26,72,998	
Paper Currency Reserve	...	62,73,02,797	
Silver Redemption Reserve	...	...	
Deposits of Branch Line Companies	4,76,508	...	
Road Development Fund	1,09,28,605	...	
Post Office Cash Certificate Bonus Fund	...	...	
Fund for reconstruction of Earthquake damage	1,19,45,917	...	
Civil Aviation	73,876	...	
Economic development and improvement of rural areas	...	...	
Broadcasting	...	...	
Development in Tribal areas on N. W. F.	...	...	
Funds for Sind and Orissa buildings	...	...	
Departmental and Judicial Deposits	94,38,39,342	...	
Advances	28,60,59,914	72,763	
Discount Sinking Fund	48,40,585	...	
Gain or loss on revaluation, sale, transfer, etc., of assets of Paper Currency Reserve	8,80,46,421	...	
Purchases and Sales of Silver	...	...	
Suspense	9,05,08,800	9,91,31,957	
Exchange on Remittance Account	...	...	
Miscellaneous	24,154	1,81,97,286	
Defence Reserve Fund	...	...	
Revenue Reserve Fund	...	...	
TOTAL	1,82,92,09,463	1,71,73,77,799	3,54,65,87,262
Railway Depreciation and Reserve Funds as per Railway Budget	13,72,27,288	...	13,72,27,288
Carried over	6,80,04,74,709	2,11,06,56,153	

* Sterling converted into

Central Government, in India and in England.

REVISED ESTIMATE, 1935-36.			BUDGET ESTIMATE, 1936-37.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1,23,67,81,000	59,92,37,000		92,09,05,000	60,47,60,000	
1,93,27,00,000	...		1,93,00,00,000	...	
32,00,00,000	...		...	...	
2,25,27,00,000	...	2,25,27,00,000	1,93,00,00,000	...	1,93,00,00,000
20,000	...		20,000	...	
...	...		...	...	
13,01,000	3,01,000		12,15,000	65,54,000	
12,54,00,000	...		13,75,00,000	...	
42,29,66,000	...		38,68,85,000	...	
54,96,87,000	3,01,000	54,99,88,000	52,56,20,000	65,54,000	53,21,74,000
18,76,00,000	...		14,60,00,000	...	
9,49,000	...		11,29,000	...	
15,87,49,000	...		15,86,08,000	...	
10,13,07,000	...		10,01,04,000	...	
...	...		...	...	
...	...		...	...	
...	...		...	...	
...	53,40,54,000		...	...	
...	18,27,55,000		...	...	
5,50,000	10,01,60,000		3,00,000	24,00,000	
4,50,000	...		4,00,000	...	
1,40,00,000	...		1,70,00,000	...	
25,00,000	...		1,00,00,000	...	
60,73,000	...		69,53,000	...	
16,39,000	...		48,33,000	...	
94,00,000	...		95,00,000	...	
3,81,000	...		...	...	
...	...		...	...	
...	...		...	...	
79,31,65,000	...		78,60,20,000	...	
22,14,68,000	73,000		8,29,81,000	67,000	
59,53,000	...		...	...	
9,48,73,000	...		...	...	
8,16,77,000	...		...	...	
3,77,81,000	38,81,000		3,45,05,000	61,000	
12,09,000	...		...	...	
84,07,000	2,02,19,000		...	2,66,59,000	
24,89,300	...		82,40,000	...	
...	...		...	...	
1,73,06,20,000	84,11,22,000	2,57,17,42,000	1,36,65,73,000	2,91,87,000	1,39,57,60,000
18,78,59,000	...	18,78,59,000	10,44,44,000	...	10,44,44,000
5,90,76,27,000	1,44,06,60,000		4,84,75,42,000	64,05,01,000	

Rupees at 21 = Rs. 13½

C.—Statement of Receipts and Disbursements of the

DISBURSEMENTS.	ACCOUNTS, 1934-35.		
	India.	England.	TOTAL.
	Rs.	Rs.	Rs.
Brought forward	6,80,01,74,709	2,11,03,56,153	
Loans and Advances by the Central Government—			
Advances to Provincial Loans Fund	2,88,97,000	...	
Other Loans and Advances	98,85,133	...	
TOTAL	3,87,82,133	...	3,87,82,133
Remittances—			
I.—Remittances within India—			
Inland Money Orders	80,72,37,791	...	
Other Local Remittances	61,237	...	
Other Departmental Accounts		...	
Net Payments into Civil Treasuries by—			
Railways	13,80,88,088	...	
Posts and Telegraphs	5,14,96,221	...	
Net Issues from Civil Treasuries to—			
Defence Services	31,27,73,134	...	
Posts and Telegraphs	...	...	
II.—Remittances between England and India—			
Remittance Account—			
Iraq drawings	84,59,000	...	
Sale of Silver	4,02,46,104	...	
Other transactions	2,03,74,114	1,42,08,240	
Sterling purchased in India	50,05,60,000	...	
Sterling obtained in London	4,52,844	...	
Remittances through the Reserve Bank	...	...	
Transfers through the Paper currency Reserve	...	10,02,30,547	
TOTAL	1,87,97,48,033	11,44,38,787	1,09,41,86,820
Balances of Provincial Governments	...	3,27,20,422	3,27,20,422
TOTAL DISBURSEMENTS	2,71,90,04,75	2,25,78,15,362	
Closing Balance	16,18,31,185	(b) 21,02,06,386	
GRAND TOTAL	8,88,08,36,060	2,46,80,21,748	

*Sterling converted into
(b) Of this amount, £ 2,137 represents

Central Government, in India and in Enand.

REVISED ESTIMATE, 1935-36.			BUDGET ESTIMATE, 1936-37.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
5,90,76,27,000	1,44,06,60,000		4,84,75,42,000	64,05,01,000	
8,64,00,000	...		3,98,00,000	...	
1,51,64,000	...		1,28,45,000	...	
10,15,64,000	...	10,15,64,000	5,26,45,000	...	5,26,45,000
82,60,04,000	...		83,81,89,000	...	
22,05,000	...		21,86,000	...	
3,04,37,000	...		3,08,37,000	...	
11,39,48,000	...		13,09,49,000	...	
...	...		...	...	
82,60,89,000	...		83,58,25,000	...	
480,02,000	...		82,93,000	...	
...	...		...	...	
15,16,000	...		...	...	
2,05,36,000	...		...	...	
1,73,36,000	1,44,36,000		1,88,68,000	1,41,90,000	
...	...		...	...	
29,99,20,000	14,44,77,000		54,97,20,000	...	
...	...		...	...	
1,64,18,98,000	15,89,18,000	1,80,08,06,000	1,90,93,67,000	1,41,90,000	1,92,35,57,000
...	8,39,79,000	3,39,79,000	...	3,61,07,000	3,61,07,000
7,65,10,84,000	1,63,35,52,000		6,80,95,51,000	69,07,98,000	
12,45,08,185	78,89,386		12,10,23,185	1,12,52,386	
7,77,55,92,185	1,64,14,41,386		6,93,05,77,185	70,20,50,386	

Rupée at £1 = Rs. 13½
funds of the Gold Standard Reserve.

D.—Abstract Statement of the Receipts and Disbursements of the Central Government, in India and in England.

Revenue and Expenditure.	Accounts, 1934-35.		Revised Estimate, 1935-36.		Budget Estimate, 1936-37.	
	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Principal Heads of Revenue—						
Customs	51,56,68,543	...	53,53,15,000	...	53,49,65,000	...
Taxes on Income	16,69,39,634	...	16,88,32,000	...	14,80,29,000	...
Salt	6,85,01,593	...	7,51,01,000	...	7,08,89,000	...
Opium	37,95,665	...	26,09,000	...	18,55,000	...
Other Heads	1,32,83,648	...	1,29,85,000	...	1,27,00,000	...
TOTAL	76,80,98,083	...	78,48,32,000	...	77,41,35,000	...
Forest and other Capital Outlay charged to Revenue	...	1,66,907	...	84,000	...	37,000
Irrigation	...	5,24,585	...	5,32,000	...	5,41,000
Railways	...	...	...	...	...	...
Posts and Telegraphs	34,95,998	...	3,98,000	...	...	7,41,000
Debt Services	...	11,24,08,862	...	12,92,59,000	...	11,57,54,000
Civil Administration	...	10,28,31,445	...	9,49,38,000	...	10,14,04,000
Currency and Mint	74,55,365	...	78,93,000	...	92,12,000	...
Civil Works	...	2,15,27,827	...	2,03,82,000	...	2,29,34,000
Miscellaneous	...	3,65,99,079	...	3,85,01,000	...	3,61,92,000
Defence Services	...	44,34,26,000	...	44,99,00,000	...	45,45,00,000
Provincial Contributions and Miscellaneous Adjustments between Central and Provincial Governments	...	2,97,77,606	...	3,13,51,000	...	4,66,57,000
Extraordinary Items	...	2,84,87,045	...	2,83,86,000	...	40,84,000
TOTAL	77,90,49,446	77,54,49,446	79,31,38,000	79,31,23,000	76,33,47,000	78,36,44,000

D.—Abstract Statement of the Receipts and Disbursements of the Central Government, in India and in England—*contd.*

Revenue and Expenditure.	Accounts, 1934-35.		Revised Estimate, 1935-36.		Budget Estimate, 1936-37.	
	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Surplus or deficit	86,00,000	...	...	...	6,20,000	...
Capital Account—						
Capital outlay on Security Printing Press	...	—1,11,908	...	—98,000	...	—8,000
Railway Capital not charged to Revenue	...	68,70,308	...	1,75,00,000	...	3,25,00,000
Capital outlay on Posts and Telegraphs	...	33,67,484	...	47,44,000	...	42,02,000
Capital Outlay on Schemes of Agricultural Improvement and Research	...	78,423	...	27,71,000	...	7,23,000
Capital outlay on Vizagapatam Port	...	14,71,364	...	7,70,000	...	9,98,000
Capital outlay on Light-houses and Light-ships	...	...	...	...	...	...
Currency Capital outlay	...	—50,619	...	4,99,23,000	...	—99,000
Initial expenditure on New Capital at Delhi	...	72,13,103	...	40,06,000	...	23,66,000
Civil Works	...	—1,77,313	...	...	...	...
Payment of commuted value of pensions	...	89,37,791	...	48,17,000	...	89,90,000
Payments to Retrenched Personnel	...	—1,08,454	...	—2,63,000	...	—4,44,000
Debt, Deposits, Advances and Remittances—						
Permanent Debt	3,61,06,645	...	...	32,34,73,000	...	35,44,23,000
Floating Debt	...	4,89,45,000	...	30,24,50,000	11,00,00,000	...
Unfunded Debt	14,85,71,313	...	15,65,30,000	...	14,70,67,000	...
Deposits and Advances	...	6,27,78,967	22,68,97,000	...	10,14,39,000	...
Loans and Advances by Central Government	...	2,10,00,116	...	9,24,11,000	...	4,47,63,000
Remittances	...	9,59,369	2,79,000	...	3,34,000	...
Balances of Provincial Governments	1,84,68,707	...	...	2,35,40,000	...	1,63,85,000
Opening Balance	13,76,43,398	...	37,30,37,671	...	13,33,67,671	...
Closing Balance	...	37,20,37,671	...	13,28,97,671	...	13,22,78,671
TOTAL	63,01,17,189	53,01,17,182	78,74,43,671	78,74,43,671	49,19,40,671	49,19,40,671

THE INDIAN FINANCE BILL, 1936.

INTRODUCED IN THE LEGISLATIVE ASSEMBLY ON THE 28TH FEBRUARY, 1936.

A Bill to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to fix maximum rates of postage under the Indian Post Office Act, 1898, and to fix rates of income-tax and super-tax.

WHEREAS it is expedient to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to fix maximum rates of postage under the Indian Post Office Act, 1898, and to fix rates of income-tax and super-tax; It is hereby enacted as follows:

Short title and extent.

1. (1) This Act may be called the Indian Finance Act, 1936.

(2) It extends to the whole of British India, including British Baluchistan and the Sonthal Parganas.

Fixation of salt duty.

2. The provisions of section 7 of the Indian Salt Act, 1882, shall, in so far as they enable the Governor General in Council to impose by rule made under that section a duty on salt manufactured in, or imported into, any part of British India other than Burma or Aden, be construed as if, for the year beginning on the 1st day of April, 1936, they imposed such duty at the rate of one rupee and four annas per maund of eighty-two and two-sevenths pounds avoirdupois of salt manufactured in, or imported by land into, any such part, and such duty shall, for all the purposes of the said Act, be deemed to have been imposed by rule made under that section. XII of 1882.

Inland Postage rates.

3. For the year beginning on the 1st day of April, 1936, the Schedule contained in the First Schedule to this Act shall be inserted in the Indian Post Office Act, 1898, as the First Schedule to that Act. VI of 1898.

Income-tax and super-tax.

4. (1) Income-tax for the year beginning on the 1st day of April, 1936, shall be charged at the rates specified in Part I of the Second Schedule, increased in each case by one-twelfth of the amount of the rate.

(2) The rates of super-tax for the year beginning on the 1st day of April, 1936, shall, for the purposes of section 55 of the Indian Income-tax Act, 1922, be those specified in Part II of the Second Schedule, increased in each case by one-twelfth of the amount of the rate. XI of 1922.

(3) For the purposes of the Second Schedule 'total income' means total income as determined for the purposes of income-tax or super-tax, as the case may be, in accordance with the provisions of the Indian Income-tax Act, 1922. XI of 1922.

(4) For the purpose of any assessment to be made for the year ending 31st March, 1937, the rate of income-tax applicable to such part of the total income of any person as is derived from salaries or from interest

on securities paid in the year ending 31st March, 1936, shall be the previous year's rate, and for the purposes of refunds under sub-section (1) or sub-section (3) of section 48 in respect of dividends declared in the year ending 31st March, 1936, or of payments made in the said year of salaries or of interest on securities, the rate applicable to the total income of the person claiming refund shall be the previous year's rate.

Explanation.—In this sub-section the term 'previous year's rate' with reference to any person means the rate of income-tax which would have been applicable to his total income if he had been assessed for the year ending 31st March, 1936, on a total income equal to that on which he is assessable for the year ending 31st March, 1937.

SCHEDULE I.

Schedule to be inserted in the Indian Post Office Act, 1898.

[See section 3.]

“THE FIRST SCHEDULE.

INLAND POSTAGE RATES.

[See section 7.]

Letters.

For a weight not exceeding one tola One anna.
For every tola, or fraction thereof, exceeding one tola . . . Half an anna.

Postcards.

Single Nine pies.
Reply One and a half annas.

Book, Pattern and Sample Packets.

For the first five tolas or fraction thereof. Nine pies.
For every additional five tolas or fraction thereof in excess of
five tolas Six pies.

Registered Newspapers.

For a weight not exceeding eight tolas Quarter of an anna.
For a weight exceeding eight tolas and not exceeding twenty
tolas Half an anna
For every twenty tolas, or fraction thereof, exceeding twenty
tolas Half an anna.

Parcels.

For a weight not exceeding twenty tolas Two annas.
For a weight exceeding twenty tolas and not exceeding forty
tolas Four annas.
For every forty tolas, or fraction thereof, exceeding forty tolas . . Four annas.”

SCHEDULE II.

[See section 4.]

PART I.*Rates of Income-tax.*

A. In the case of every individual, Hindu undivided family, unregistered firm and other association of individuals not being a registered firm or a company—

Rate.

- | | |
|---|--|
| (1) When the total income is Rs. 2,000 or upwards, but is less than Rs. 5,000 | Six pies in the rupee. |
| (2) When the total income is Rs. 5,000 or upwards, but is less than Rs. 10,000 | Nine pies in the rupee. |
| (3) When the total income is Rs. 10,000 or upwards, but is less than Rs. 15,000 | One anna in the rupee. |
| (4) When the total income is Rs. 15,000 or upwards, but is less than Rs. 20,000 | One anna and four pies in the rupee. |
| (5) When the total income is Rs. 20,000 or upwards, but is less than Rs. 30,000 | One anna and seven pies in the rupee. |
| (6) When the total income is Rs. 30,000 or upwards, but is less than Rs. 40,000 | One anna and eleven pies in the rupee. |
| (7) When the total income is Rs. 40,000 or upwards, but is less than Rs. 1,00,000 | Two annas and one pie in the rupee. |
| (8) When the total income is Rs. 1,00,000 or upwards | Two annas and two pies in the rupee. |

B. In the case of every company and registered firm, whatever its total income

Two annas and two pies in the rupee.

PART II.

Rates of Super-tax.

In respect of the excess over thirty thousand rupees of total income—	Rate.
(1) in the case of every company—	
(a) in respect of the first twenty thousand rupees of such excess	<i>Nil.</i>
(b) for every rupee of the remainder of such excess	One anna in the rupee.
(2) (a) in the case of every Hindu undivided family—	
(i) in respect of the first forty-five thousand rupees of such excess	<i>Nil.</i>
(ii) for every rupee of the next twenty-five thousand rupees of such excess	One anna and three pies in the rupee.
(b) in the case of every individual, unregistered firm and other association of individuals not being a registered firm or a company—	
(i) for every rupee of the first twenty thousand rupees of such excess	Nine pies in the rupee.
(ii) for every rupee of the next fifty thousand rupees of such excess	One anna and three pies in the rupee.
(c) in the case of every individual, Hindu undivided family, unregistered firm and other association of individuals not being a registered firm or a company—	
(i) for every rupee of the next fifty thousand rupees of such excess	One anna and nine pies in the rupee.
(ii) for every rupee of the next fifty thousand rupees of such excess	Two annas and three pies in the rupee.
(iii) for every rupee of the next fifty thousand rupees of such excess	Two annas and nine pies in the rupee.
(iv) for every rupee of the next fifty thousand rupees of such excess	Three annas and three pies in the rupee.
(v) for every rupee of the next fifty thousand rupees of such excess	Three annas and nine pies in the rupee.
(vi) for every rupee of the next fifty thousand rupees of such excess	Four annas and three pies in the rupee.
(vii) for every rupee of the next fifty thousand rupees of such excess	Four annas and nine pies in the rupee.
(viii) for every rupee of the next fifty thousand rupees of such excess	Five annas and three pies in the rupee.
(ix) for every rupee of the next fifty thousand rupees of such excess	Five annas and nine pies in the rupee.
(x) for every rupee of the remainder of such excess	Six annas and three pies in the rupee.

STATEMENT OF OBJECTS AND REASONS.

The object of this Bill is to continue for a further period of one year certain duties and taxes imposed under the Indian Finance Act, 1935, which would otherwise cease to have effect from the 1st April, 1936 ; to abolish the income-tax on incomes of Rs. 1,000 or upwards but less than Rs. 2,000 ; and to reduce the surcharges on income-tax and super-tax.

2. Clause 2 provides for the continuance for a further period of one year of the existing provisions regarding salt duty. The duty of Rs. 1-4-0 per maund on salt remains liable to the additional duty imposed under Section 5 of the Indian Finance (Supplementary and Extending) Act, 1931.

3. Clause 3 provides for the continuance for a further period of one year of the present inland postage rates with the following alteration :—

The weight of a letter to be carried for one anna will be raised from half a tola to one tola. The rate for every tola or fraction thereof exceeding one tola will be half an anna.

4. Clause 4 provides for the continuance for a further period of one year of the existing rates of income-tax and super-tax with the following alterations :—

(a) Income-tax on incomes of less than Rs. 2,000 falling under heading A in Part I of Schedule II is abolished.

(b) the surcharges on income-tax and super-tax are reduced from one-sixth to one-twelfth.

Clause 4 (4) provides that incomes from salaries and interest on securities should be finally taxed for purposes of income-tax and not super-tax at the rates applicable to a total income of like amount which was in force at the time when the taxation at source on these incomes took place ; otherwise salary earners, for example, would be able not only to secure the advantage of reduced rates during 1936-37 but also to obtain a refund of part of the tax which had been deducted from their salaries during 1935-36. It also makes a similar provision for purposes of refunds under sub-section (1) or sub-section (3) of section 48 in respect of dividends declared in the year ending 31st March, 1936, or of payments made in the said year of salaries or of interest on securities. These provisions form the counterpart of a concession that has been allowed from time to time in the past when rates of income-tax were being enhanced.

5. The reasons for making the above changes have been fully explained in my budget speech.

NEW DELHI ;
The 28th February, 1936.

P. J. GRIGG.

Speech by the Hon'ble Mr. A. J. Raisman in the Council of State on the 28th February 1936.

Sir, I rise to present the statement of estimated expenditure and revenue of the Governor General in Council for the year 1936-37 in respect of subjects other than "Railways".

2. The broad picture from the background of which these figures of public finance stand out is one of a continuance of modest and unspectacular, but none the less persistent, recovery from the depths of the catastrophic depression into which India, in common with the rest of the world, was precipitated barely five years ago. Since then, despite the proofs of its extraordinary power of resistance to economic stress which India has provided, we have hardly ventured to count with confidence on any improvement which was not actually in sight, or to reckon any ground as reconquered until we were actually setting our feet upon it. It is only necessary to look round the world as it is today, and particularly at the present plight of many countries less fortunately situated than India, to realize the justification for this attitude of caution.

3. This in brief is what has happened in regard to the estimates for 1934-35, and as we shall see later, for the current year. When Mr. Tallents presented the estimates in this House a year ago, it was anticipated that the year 1934-35 would end with a surplus of Rs. 3,27 lakhs. The final accounts actually disclosed a surplus of Rs. 4,95 lakhs, or Rs. 1,68 lakhs more than we had dared to hope. The main contributing cause was an excess over the revised forecast of Rs. 1½ crores under Customs and Excise, due to an unexpectedly large volume of trade in the closing months of the year.

4. Honourable Members will perhaps recall that it was finally agreed in the course of last year's Budget proceedings, that after certain other non-recurring objects had been provided for, the whole of the unallocated surplus of the year 1934-35 should constitute a Fund for the Economic Development and Improvement of Rural Areas. The amount of this unallocated surplus was then expected to be about Rs. 1,13 lakhs, but as a consequence of the improved results which I have just mentioned, the figure now turns out to be Rs. 2,81 lakhs, the whole of which is therefore transferred to the Rural Development Fund. In September last a paper was circulated showing that out of this fund Government had allocated Rs. 15 lakhs for the improvement of the Co-operative Movement and Rs. 92½ lakhs for grants to the Provinces on schemes approved by the Government of India. The balance in the fund therefore stands at Rs. 1,73½ lakhs, and before proceeding further, I shall now explain to the House the way in which it is contemplated that this sum should be utilized.

5. In the first place, it is proposed to make four grants for objects directly connected with the economic improvement of rural conditions and the amelioration of village life. These are :

(1) A grant of Rs. 30 lakhs for Agricultural Research. Of this Rs. 10 lakhs represents the amount still due to the Imperial Council of Agricultural Research of the block grant of Rs. 25 lakhs originally promised to it when it was established. The remaining Rs. 20 lakhs will be used to finance urgent schemes including sugar cane research, and investigations into the dairying side of animal husbandry.

(2) A grant of Rs. 10 lakhs to the Indian Research Fund Association, the amount to be devoted mainly to schemes connected with the prevention or cure of malaria, which is such a blight on the health of India's rural population.

(3) A grant of Rs. 5 lakhs for the benefit of cottage and small scale woollen industries. As was recently announced, the Government of India were not satisfied that a case for protection of the woollen industry had been established, and indeed an important section of the industry made no attempt to present its case. But Government agree with the view of the Tariff Board that the cottage and small scale industry could derive great benefit from technical advice and assistance in marketing arrangements, and they propose to provide Rs. 5 lakhs to be spread over 5 years for this purpose. The schemes financed from this grant will be in the hands of the provincial Departments of Industries.

(4) A grant of Rs. 20 lakhs to the Fund for capital expenditure on the development of broadcasting. The value of this medium for instruction on agriculture, sanitation and other matters of prime concern to the villages is now generally recognized, and this additional grant will assist the further development which is necessary in order to make these advantages more widespread than at present.

6. When these grants have been made there will remain in the Fund Rs. 1,08½ lakhs, most of which will probably be allocated to the Provinces, in the same way as the previous Rs. 92½ lakhs, for expenditure on schemes to be approved by the Government of India. Honourable Members have, I think already been furnished with a description of the schemes which have hitherto been approved. The Government of India are now awaiting further detailed information of the actual progress of these schemes, which they expect to receive very shortly. It will then be possible to review the position and see what modifications are desirable in the conditions of the grants. While the Provincial Governments are of course much more closely in touch with local conditions, the Government of India realize their responsibility for seeing that the money is spent in the most useful and effective way. I may add, Sir, that they intend to keep the legislature fully informed of their decisions and of the manner in which they intend to proceed.

7. The total of the sums which are thus to be devoted to various forms of rural amelioration is, I suggest, an impressive amount when viewed in relation to the resources of India, and I have no doubt that Honourable Members of this House will agree as to the desirability of spending money on these objects. The field for effort is of course tremendous, but we may reasonably hope that the activities directly financed will in turn provide a stimulus which will result in an ever widening circle of benefit to the villager.

8. That finishes what I have to say about the year 1934-35. I turn now to the figures of the current year 1935-36. Here too the revised forecast shows a surplus of Rs. 2,42 lakhs instead of Rs. 6 lakhs which we anticipated a year ago. Whereas in the Budget we estimated a Revenue of 82.99 crores and an Expenditure of 82.93 crores, we now expect that the Revenue will amount to 86.52 crores and the Expenditure to 84.10 crores. I will now indicate the main causes of these variations.

9. On the revenue side the total excess is Rs. 3,53 lakhs, of which the main component is Rs. 1,85 lakhs of additional revenue from the import duty on Sugar. The estimation of the revenue from imports of sugar has always been a matter of extreme difficulty, liable to be grossly falsified by the results and

to produce fluctuations which may be a source of serious embarrassment in a budget of the total dimensions of the Indian budget. When your total revenue is in the neighbourhood of Rs. 80 crores and you have a single item which is liable to fall short of your expectations by as much as 3.16 crores, as happened so recently as 1931-32, it behoves you to treat that item with the utmost caution. It may be thought that it is a comparatively simple matter to subtract from India's total consumption of white sugar the total Indian production, and thus arrive at the margin available for imports. But that would merely mean subtracting one variable and unknown quantity from another. We have never known the exact dimensions of India's total consumption—or only have an approximate idea. Similarly while we know pretty well the capacity for factory production of sugar in India we have no accurate means of estimating how much is produced otherwise than in factories, that is in Khandasaris. On the facts as we now see them we consider that there must have been a sudden rise in total consumption, and that while factory outturn is exceeding our expectations as proved by the excise figures, Khandasari production has declined. The result is that imports have been maintaining themselves at a figure only slightly lower than that of last year, although the imports in January of this year show a marked decline and are only two-thirds those of January 1935.

10. Besides the import duty on sugar we anticipate excesses in various other Customs heads and also from the excises on sugar and matches. A notable feature is a large drop in the receipts from cotton fabrics of British manufacture but this is more than made up by the duty on non-British imports, mostly of course from Japan, which did not fill up its quota last year and has been making up leeway. We also hope to realize Rs. 40 lakhs more than our original estimate on Income-tax, another index of trade recovery.

11. Further pointers of the same kind are first the greater absorption of small coin, which is likely to produce a surplus of Rs. 16 lakhs under the heading Mint and secondly an improvement of Rs. 19 lakhs under Posts and Telegraphs. This improvement is due in the main to increased sales of stamps and additional receipts from trunk telephone calls, as well as to lower rates of interest. We budgetted for a deficit of Rs. 13 lakhs, but now expect instead a surplus of Rs. 6 lakhs.

12. I said just now that the revised forecast of expenditure in the current year was 84.10 crores against the original estimate of 82.93 crores, an increase of Rs. 1,17 lakhs. The main causes are the following :

- (i) *Extraordinary payments*.—Here Rs. 41½ lakhs represents the expenditure which is expected to be incurred from civil funds in connection with the Quetta earthquake. This covers all the special arrangements for extra police, public health, the protection of property in the ruined city and the labour and plant required for salvage and site clearance operations. It also includes a contribution of Rs. 10 lakhs to H. E. the Viceroy's Quetta Earthquake Relief Fund, and provision for assistance to the rural population to repair their irrigation channels.
- (ii) *Interest*.—Here a number of different factors are likely to result in a net charge of Rs. 10.63 crores against Rs. 10.39 crores originally estimated, i.e., a worsening of Rs. 24 lakhs.
- (iii) *Currency and Mint*.—The increase of Rs. 10 lakhs, due to a larger demand for currency notes and small coin, is outweighed by the revenue increase which I just mentioned.

- (iv) *Miscellaneous adjustments.*—The increase is due mainly to the additional payments which will have to be made to the jute growing provinces because of the extra yield of the jute export duty, of which they receive half.

13. I shall now explain to the House how it is proposed that the surplus of Rs. 2,42 lakhs, with which the current year is expected to close, should be dealt with. In the first place we propose to allot Rs. 45 lakhs to a special fund for assisting the two new provinces of Sind and Orissa to meet the initial expenditure which they have to incur on providing themselves with the necessary official buildings. It was originally contemplated that the amounts should be advanced and that interest should be charged on the loans until they were repaid. But to do this would be to treat them less favourably than the existing provinces, which started off on their careers with an equipment unencumbered by such debt. Moreover an initial handicap of this kind would have to be taken into account when the subventions which these provinces are to receive are being assessed, and assistance would have to be given to meet it, an unnecessary complication of a simple issue. Of the amount of Rs. 45 lakhs, to which the Government of India's contribution will be strictly limited, Rs. 17½ lakhs will be given to Sind, which already has a considerable number of the necessary buildings, and Rs. 27½ lakhs to Orissa, which starts off with a lesser equipment.

14. This leaves a balance of Rs. 1,97 lakhs available from the anticipated surplus of the current year. Before explaining how we propose to use this balance I must ask the House to look forward a little into the future and to visualize the situation with which the Government of India will be faced in the first year or two following the establishment of provincial autonomy, which we may assume will begin in April, 1937. In the first place, Burma will be separated, and the separation will leave us Rs. 2½ crores worse off than we are now. In the second place, a beginning will have to be made of those financial adjustments between the Centre and the provinces which the new Constitution entails. We cannot of course at this stage attempt to predict the results of Sir Otto Niemeyer's inquiry, but it would not be prudent to assume that any lesser sum than Rs. 2 crores will be necessitated by the initial adjustments. Of this worsening of at least Rs. 4½ crores we may perhaps, in a spirit of reasonable optimism, reckon that a continuance of the present improvements in revenue, together with some reduction in interest charges will in the course of the next two years make good to us the greater part if not the whole. Thus on the basis of the existing level of taxation, and of the present rate of improvement of revenues, the income and expenditure of 1937-38 would roughly balance. But there is another factor in the situation of which Honourable Members will become aware when I have explained our proposals for the coming year—a factor which will have the effect of postponing by one year the date by which we may expect that our revenues will have grown to the figure which is adequate to meet the charges involved by the coming into effect of provincial autonomy. So in order to enable ourselves to shoulder the new load from the start without incurring a deficit we propose that this balance of Rs. 1,97 lakhs should be transferred to a Revenue Reserve Fund, which will be available to tide us over the difficulties of the first year of the new regime. Thereafter we think it justifiable to hope that the continuance of present tendencies will place in the hands of the Government of India resources adequate to enable it to fulfil in reasonable measure the obligations which may be imposed on it at that stage of the new constitution.

15. I come now to the estimates of revenue and expenditure for the coming year 1936-37. We have budgetted for a total revenue, excluding railways, of course, of 87·35 crores, or Rs. 83 lakhs more than our revised estimate for the current year. Of this 54·82 crores represent the estimated customs and excise receipts, which allow for a decrease of Rs. 1,60 lakhs on imports of sugar and an increase of Rs. 1,71 lakhs on other items. I have already explained to the House the position regarding sugar. Slowly but surely—and at times not very slowly either—indigenous production, under the stimulus of the protective duty, has expanded its market and ousted the imports from abroad, and all competent observers are agreed that the day is now rapidly approaching when India will be completely self-supporting. In these circumstances, when the end is virtually in sight, and the only room for argument is whether it will come to-morrow or the day after, what reliance can we place on imported sugar as a source of revenue? In each of the last two years it has exceeded our expectations, and this time it may well elude us again but on the other side. We have taken a figure of Rs. 2 crores, which in the circumstances of the present moment is if anything an optimistic figure. From the excise on indigenous production we look for Rs. 1,96 lakhs, an increase of about 15 per cent. over our revised estimate for the current year.

16. The only other revenue items which I would mention are Income-tax and Currency receipts. Under the former we are reckoning on the more favourable condition of trade to yield us 17·60 crores or Rs. 80 lakhs more than the revised estimate of the current year. Under Currency receipts the estimate of Rs. 81 lakhs includes Rs. 65 lakhs as the Government of India's share of the profits from a full year's working of the Reserve Bank.

17. The total expenditure for 1936-37 we have placed at 85·30 crores. This is Rs. 1,20 lakhs higher than the revised estimate for the current year. The notable features are a decrease under Interest and increases under Miscellaneous Adjustments, Civil Administration and Defence. The increase under Civil Works is due largely to the increased payments to the Road Fund consequent on the increased yield of the duty on motor spirit.

18. Under Interest the figure is 9·20 crores, a reduction of nearly Rs. 1½ crores on the revised figure for 1935-36. The reason is that we shall be getting the full benefit of the conversion operations of the current year, while at the same time we hope to repay £16·8 millions of 5½ per cent. Sterling Stock which matures next year without floating a fresh loan. Actually the improvement is over Rs. 2 crores, but owing to a change in the method of accounting relating to the Indian Military Service and Indian Civil Service Family Pension Funds Rs. 62 lakhs, representing the interest on the balances in those funds, has for the first time been charged under this head. I may add that the same change results in reductions totalling Rs. 54 lakhs under the headings of Military and Civil Pensions.

19. The increase under Miscellaneous Adjustments is due to the provision of Rs. 1,58 lakhs for subventions to Sind and Orissa, Rs. 1,08 lakhs for Sind and Rs. 50 lakhs for Orissa. As Honourable Members are by this time aware it has been decided that these two provinces shall come into being on April 1st, 1936, before the inception of Provincial Autonomy. It has been recognized that for some years subventions to these provinces will be inevitable, and the definitive size of those subventions will be determined by His Majesty in Council after Sir Otto Niemeyer's report has been taken into consideration. The present subventions are purely provisional in their nature and are in no sense intended to prejudge the issue. They are merely intended to provide the provinces with small opening balances and enable them to carry on for the first year without incurring a deficit.

20. Of the increase of Rs. 64 lakhs under Civil Administration Rs. 11 lakhs is accounted for by the fact that during the current year the cut in pay was still operative on one out of the twelve monthly pay days. Then there are Rs. 18 lakhs for two public health schemes in Delhi. One relates to the method of dealing with the refuse of Delhi, a matter which, as Honourable Members are aware, has provoked strong criticism. A provision of Rs. 13 lakhs has been made for this. The other Rs. 5 lakhs is to permit of a start being made with a scheme for dealing with the sewage, the existing system having been found to be inadequate and defective. The progress of the development of Broadcasting will require a further Rs. 4 lakhs, and under Civil Aviation, where increased maintenance charges follow on the capital programme, we have provided an additional Rs. 5 lakhs.

21. The Defence Budget stands at 45·45 crores, but this includes Rs. 60 lakhs for reconstruction at Quetta and Military stores consumed as a result of the earthquake. The remaining figure of 44·85 crores would seem to compare favourably with the present year's figure, but this is partly due to the change in the method of accounting for the Indian Military Service Family Pension Fund. The correctly comparable figures show that there will be an increase of Rs. 21 lakhs, of which Rs. 5 lakhs is due to the restoration of the remaining half of the cut in pay of British soldiers. The remainder of the increase is more than accounted for by an increased provision of Rs. 20 lakhs for ordnance stores. Honourable Members will recollect that it has been repeatedly pointed out in recent years that the present budget figures cannot be taken as representing permanently the normal level of Defence expenditure. There have in the past been surplus stocks of ordnance stores which are now almost exhausted, and the cost of replacement means an inevitable increase.

22. Besides the provision of Rs. 60 lakhs relating to Quetta in the Defence Budget, there is a provision of Rs. 40 lakhs on the Civil side under the head "Extraordinary Payments". Of this Rs. 12 lakhs is for the continuance of special establishments and site clearance operations and Rs. 28 lakhs for reconstruction. I may mention here that during the current year we estimate that we shall have spent Rs. 41½ lakhs from Civil funds, and Rs. 36 lakhs from Army funds on relief, temporary housing and salvage and on the beginning of clearance operations. By the time we have finished clearance and are ready to begin reconstruction we shall have spent nearly a crore. The cost of the reconstruction, both Civil and military, is at present, estimated at something over Rs. 7 crores, but as the work will take 7 or 8 years to carry out, the incidence of expenditure is unlikely to be more than a crore in any single year. That in fact is the rate at which it is contemplated that the programme of reconstruction will proceed.

23. In view of the criticism which has already been made of the method of financing the reconstruction of Quetta from revenue, the Honourable the Finance Member is explaining in another place the principles on which this policy is based. I will here only indicate briefly the main reasons for such a course.

(1) The work will not be productive of any receipts from which the interest and amortization charges of a loan could be met.

(2) We have in recent years made a reduced provision of only Rs. 3 crores for the reduction and avoidance of debt. We cannot now hope for an early resumption of the contributions from Railways to general revenues, which would have enabled us to bring the Sinking Fund provision nearer to its former level. We should therefore avoid an increase in the unproductive debt.

(3) If we borrowed to pay for Quetta, the full burden of the additional load would fall on the years which follow the completion of the work. Those will be the years in which the Centre will be due to be distributing a portion of its income-tax receipts to the provinces, and we should do nothing to increase the financial difficulties of that stage, or to diminish the amount ultimately available for the provinces.

24. Under Posts and Telegraphs we are counting on a continuance of the improvement, and a revenue of Rs. 38 lakhs higher than our revised estimate for 1935-36. We have put the gross receipts at 11·88 crores and working expenses at 10·93 crores, so that the figure for net receipts is Rs. 95 lakhs. Against this the interest charges are Rs. 80 lakhs, so that we estimate a net surplus of Rs. 15 lakhs. The expenditure includes an enhanced provision of Rs. 2 lakhs for providing improved postal facilities in rural areas. I may add that it has been decided that the depreciation fund should henceforth be replaced by a fund for renewals and minor improvements. This will take over the existing depreciation fund of Rs. 3,17 lakhs. The annual contributions will be fixed for periods of five years, and for the first five years it has been calculated that Rs. 25 lakhs will be an appropriate figure. This compares with Rs. 29 lakhs provided last year for the depreciation fund.

25. I may now summarize the estimates for 1936-37 as follows :—

	Crores.
Revenue	87·35
Expenditure	85·30
Surplus	2·05

This then is the margin which we consider to be fairly available for reduction of taxation, and I shall now state what the proposals are.

26. In the first place we propose to go as far as this surplus permits towards meeting the claim for the abolition of the emergency taxes upon income. The complete removal of the present surcharge of one-sixth on income-tax and super tax would cost Rs. 2,76 lakhs per annum, while the abolition of the tax on incomes between Rs. 1,000 and Rs. 2,000, which ranks with the surcharge as an emergency impost, would cost a further Rs. 47 lakhs.—Rs. 3,23 lakhs in all. We cannot therefore remit the whole of this taxation. What we propose is to abolish entirely the tax on lower incomes and to reduce by half the present surcharge, which will therefore be one-twelfth instead of one-sixth. The cost of the proposed reductions is Rs. 1,85 lakhs, and this leaves us with only Rs. 20 lakhs of the surplus for 1936-37 of which it may be said that Rs. 15 lakhs consists of the estimated surplus under Posts and Telegraphs.

27. In the second place, therefore, we propose to make a concession in postal rates which is modest in cost but which we believe will be very widely appreciated. We propose to increase the weight of the one anna letter from a half to one tola, and to charge an additional half anna for every additional tola. This will cost Rs. 13 lakhs a year, and will therefore dispose of nearly the whole of the estimated surplus of Rs. 15 lakhs on the Posts and Telegraphs budget.

28. That, Sir, brings me to the end of my speech. In these proposals the prime necessity of maintaining India's credit and husbanding her resources to meet the demands of a new regime have been kept in view. Subject to this guiding consideration, they give such relief as is possible from the burden of direct taxation, while from the fortunate accrual of an unforeseen excess a further measure of benefits is distributed to the millions who dwell in the villages of India.

Details of voted and non-voted amounts included in the Demands for Grants for expenditure of the Central Government (excluding Railways) for the year 1936-37.

Number of Demand.	Service, Administration or Area to which demand relates.	Head of Account.	Amount.		
			Voted.	Non-voted.	Total.
	A.—EXPENDITURE CHARGED TO REVENUE.		Rs.	Rs.	Rs.
16	Customs	Customs	93,04,000	38,79,000	1,31,83,000
17	Taxes on Income	Taxes on Income	82,72,000	2,43,000	85,15,000
18	Salt	Salt	63,18,000	44,69,000	1,07,87,000
19	Opium	Opium	27,49,000	1,37,000	28,86,000
19A	Excise	Excise	4,78,000	2,12,000	6,90,000
20	Stamps	Stamps	17,39,000	48,000	17,87,000
21	Forest	Forest	5,33,000	1,50,000	6,83,000
22	Irrigation (including Working Expenses), Navigation, Embankment and Drainage Works.	Works for which capital accounts are kept. Miscellaneous Irrigation Expenditure, Construction of Irrigation, etc., Works.	4,07,000	2,94,000	7,01,000
23	Indian Posts and Telegraphs Department (including Working Expenses).	Posts and Telegraphs	10,91,01,000	97,19,000	11,88,20,000
25	Interest on Debt and Reduction or Avoidance of Debt.	Interest on Ordinary Debt.	19,80,000	—14,69,000	5,11,000
26	Interest on Miscellaneous Obligations.	Interest on other Obligations.	68,88,000	11,46,18,000	12,15,06,000
27	Staff, Household and allowances of the Governor-General.	General Administration.	4,80,000	10,48,000	15,28,000
28	Executive Council		1,49,000	4,74,000	6,23,000
29	Council of State		1,34,000	8,000	1,42,000
30	Legislative Assembly and Legislative Assembly Department.		7,82,000	82,000	8,70,000
31	Foreign and Political Department		9,09,000	2,93,000	12,02,000
32	Home Department		7,72,000	14,62,000	22,34,000
33	Public Service Commission		1,95,000	2,15,000	4,10,000
34	Legislative Department		3,20,000	2,05,000	5,25,000
35	Department of Education, Health and Lands.		6,12,000	1,47,000	7,59,000
36	Finance Department		10,16,000	2,42,000	12,58,000
38	Commerce Department		8,95,000	1,18,000	5,13,000
39	Defence Department		4,25,000	94,000	5,19,000
40	Department of Industries and Labour.		5,47,000	1,57,000	7,04,000
41	Central Board of Revenue		2,08,000	1,28,000	3,36,000
42	Payments to Provincial Governments on account of Administration of Agency subjects.		1,56,000	66,000	2,22,000
43	Audit	Audit	1,00,93,000	8,19,000	1,09,12,000
44	Administration of Justice	Administration of Justice.	69,000	..	69,000
45	Police	Police	1,81,000	81,000	2,62,000
46	Ports and Pilotage	Ports and Pilotage	14,66,000	8,89,000	23,55,000
47	Lighthouses and Lightships	Lighthouses and Lightships.	9,75,000	20,000	9,95,000
48	Survey of India	Scientific Department.	21,24,000	4,76,000	27,00,000
49	Meteorology	Scientific Department.	20,06,000	94,000	21,00,000
50	Geological Survey	Scientific Department.	2,10,000	2,29,000	4,39,000
51	Botanical Survey	Scientific Department.	1,29,000	32,000	1,61,000
52	Zoological Survey	Scientific Department.	95,000	47,000	1,42,000
53	Archæology	Scientific Department.	11,61,000	98,000	12,89,000
54	Mines	Scientific Department.	1,27,000	1,18,000	2,45,000
55	Other Scientific Departments	Scientific Department.	2,56,000	..	2,56,000
56	Education	Education	5,88,000	29,000	6,17,000
	Carried over		17,43,85,000	14,00,71,000	31,44,56,000

Details of voted and non-voted amounts included in the Demands for Grants for expenditure of the Central Government (excluding Railways) for the year 1936-37—*contd.*

Number of Demand.	Service, Administration or Area to which demand relates.	Head of Account.	Amount.		
			Voted.	Non-voted.	Total.
			Rs.	Rs.	Rs.
	A.—EXPENDITURE CHARGED TO REVENUE—<i>concl.</i>	Brought forward	7,43,85,000	14,00,71,000	31,44,56,000
57	Medical Services	Medical	6,97,000	2,10,000	9,07,000
58	Public Health	Public Health	7,64,000	2,13,000	9,77,000
59	Agriculture	Agriculture	30,42,000	90,000	31,32,000
60	Imperial Council of Agricultural Research Department.	Do.	8,75,000	1,09,000	9,84,000
60-A	Scheme for the improvement of Agricultural Marketing in India.	Do.	4,60,000	..	4,60,000
61	Civil Veterinary Services	Do.	7,32,000	30,000	7,62,000
62	Industries	Industries	8,37,000	4,000	8,41,000
63	Aviation	Aviation	22,45,000	12,000	22,57,000
63-B	Capital outlay on Civil Aviation charged to Revenue.	Capital outlay on Civil Aviation charged to Revenue.	1,000	..	1,000
64	Commercial Intelligence and Statistics.	Miscellaneous Departments.	5,38,000	76,000	6,14,000
65	Census	Do.	1,000	..	1,000
66	Emigration—Internal	Do.	15,000	3,000	18,000
67	External	Do.	1,93,000	56,000	2,49,000
68	Joint-Stock Companies	Do.	1,29,000	7,000	1,36,000
69	Miscellaneous Departments	Do.	12,75,000	17,000	12,92,000
70	Indian Stores Department	Indian Stores Department.	20,55,000	1,31,000	21,86,000
71	Currency	Currency	14,89,000	69,000	15,58,000
72	Mint	Mint	17,10,000	83,000	17,93,000
73	Civil Works	Civil Works	2,39,95,000	16,19,000	2,56,14,000
74	Superannuation Allowances and Pensions.	Superannuation Allowances and Pensions.	1,04,84,000	1,82,79,000	2,87,63,000
75	Stationery and Printing	Stationery and Printing.	35,25,000	41,000	35,66,000
76	Miscellaneous	Miscellaneous	7,88,000	27,23,000	35,11,000
76A	Expenditure on retrenched personnel charged to revenue.	Extraordinary charges.	20,000	9,000	29,000
76-B	Miscellaneous Adjustments between the Central and Provincial Governments.	Miscellaneous Adjustments between the Central and Provincial Governments.	3,65,14,000	1,01,43,000	4,66,57,000
77	Refunds	Refunds	1,47,82,000	2,73,56,000	4,21,38,000
79	Baluchistan	Baluchistan	66,31,000	44,73,000	1,11,04,000
80	Delhi	Delhi	65,89,000	2,90,000	68,79,000
81	Ajmer-Merwara	Ajmer-Merwara	15,55,000	1,21,000	16,76,000
82	Andaman and Nicobar Islands	Andaman and Nicobar Islands	26,76,000	2,01,000	28,77,000
83	Rajputana	Distributed over respective heads of account.	4,12,000	7,63,000	11,75,000
84	Central India	Central India	3,29,000	6,37,000	9,66,000
85	Hyderabad	Hyderabad	2,45,000	5,81,000	8,26,000
85A	Aden	Aden	5,75,000	3,82,000	9,57,000
86	Expenditure in England—Secretary of State for India.	Expenditure in England—Secretary of State for India.	21,33,000	17,28,000	38,61,000
87	Expenditure in England—High Commissioner for India.	Expenditure in England—High Commissioner for India.	26,66,000	32,70,000	59,36,000
Non-voted.	Ecclesiastical	Ecclesiastical	..	28,74,000	28,74,000
	Political	Political	..	1,08,19,000	1,08,19,000
	Frontier Watch and Ward	Frontier Watch and Ward.	..	1,87,81,000	1,87,81,000
	Territorial and Political Pensions	Territorial and Political Pensions.	..	30,36,000	30,36,000
	Bangalore	Distributed over respective heads of account.	..	14,88,000	14,88,000
	Western India States Agency	Western India States Agency	..	17,85,000	17,85,000
	Defence Services	Defence Services	..	50,38,19,000	50,38,19,000
	TOTAL		80,53,62,000	75,63,99,000	1,06,17,61,000*

*See foot-note on page 60.

Details of voted and non-voted amounts included in the Demands for Grants for expenditure of the Central Government (excluding Railways) for the year 1936-37—concl'd.

Number of Demand.	Service, Administration or Area to which demand relates.	Head of Account.	Amount.		
			Voted.	Non-voted.	Total.
			Rs.	Rs.	Rs.
	B.—EXPENDITURE CHARGED TO CAPITAL.				
88	Capital outlay on Security Printing	Capital outlay on Security Printing Press	1,000	..	1,000
89	Forest Capital outlay	Capital outlay on Forests.	1,000	..	1,000
90	Irrigation	Construction of Irrigation Works.	1,000	..	1,000
91	Indian Posts and Telegraphs . .	Capital outlay on Posts and Telegraphs.	41,59,000	3,000	42,02,000
92-A	Capital outlay on Schemes of Agricultural Improvement and Research.	Capital outlay on Schemes of Agricultural Improvement and Research.	7,32,000	..	7,22,000
93	Currency Capital outlay	Currency Capital outlay not charged to Revenue.	1,000	..	1,000
94	Capital outlay on Vizagapatam Harbour.	Capital outlay on Vizagapatam Port.	9,93,000	2,000	9,95,000
95	Capital outlay on Light houses and Lightships.	Capital outlay on Lighthouses and Lightships.	1,000	..	1,000
96	Commuted value of Pensions	Payment of Commuted Value of Pensions.	18,93,000	20,97,000	39,90,000
96-A	Expenditure on retrenched personnel charged to capital.	Payments to retrenched personnel.	1,000	—40,000	—39,000
97	Delhi Capital outlay	Initial expenditure on New Capital at Delhi.	23,66,000	..	23,66,000
	TOTAL		1,01,79,000	20,62,000	1,22,41,000
	C.—DISBURSEMENTS OF LOANS AND ADVANCES.				
98	Interest-free advances		73,15,000	..	73,15,000
99	Loans and advances bearing interest.		5,26,45,000	..	5,26,45,000
	TOTAL . . .		5,99,60,000	..	5,99,60,000
	GRAND TOTAL . .		37,55,01,000	75,84,61,000	1,13,39,62,000

* This figure is arrived at from the Budget Statement as follows:—

As per Statement B of the Budget Statement	Rs. 1,22,70,12,000
Add—Working Expenses—	
Posts and Telegraphs	10,92,60,000
Irrigation	1,46,000
Refunds	4,27,08,000
Civil Aviation	1,000
	1,37,91,27,000
Deduct—Railway Expenditure	—31,73,66,000
	1,06,17,61,000

GOVERNMENT OF INDIA.
LEGISLATIVE DEPARTMENT.

The following Act, which has been assented to by the Governor General under the provisions of clause (b) of sub-section (1) of section 67B of the Government India Act, and has been expressed to be made by the Governor General under the provisions of sub-section (2) of the same section, is hereby published for general information :—

An Act to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to fix maximum rates of postage under the Indian Post Office Act, 1898, and to fix rates of income-tax and super-tax.

WHEREAS it is expedient to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to fix maximum rates of postage under the Indian Post Office Act, 1898, and to fix rates of income-tax and super-tax ; It is hereby enacted as follows :

Short title and extent.

1. (1) This Act may be called the Indian Finance Act, 1936.

(2) It extends to the whole of British India, including British Baluchistan and the Sonthal Parganas.

Fixation of salt duty.

2. The provisions of section 7 of the Indian Salt Act, 1882, shall, in so far as they enable the Governor General in Council to impose by rule made under that section a duty on salt manufactured in, or imported into, any part of British India other than Burma or Aden, be construed as if, for the year beginning on the 1st day of April, 1936, they imposed such duty at the rate of one rupee and four annas per maund of eighty-two and two-sevenths pounds avoirdupois of salt manufactured in, or imported by land into, any such part, and such duty shall, for all the purposes of the said Act, be deemed to have been imposed by rule made under that section. XII of 1882.

Inland Postage rates.

3. For the year beginning on the 1st day of April, 1936, the Schedule contained in the First Schedule to this Act shall be inserted in the Indian Post Office Act, 1898, as the First Schedule to that Act. VI of 1898.

Income-tax and super-tax.

4. (1) Income-tax for the year beginning on the 1st day of April, 1936, shall be charged at the rates specified in Part I of the Second Schedule, increased in each case by one-twelfth of the amount of the rate.

(2) The rates of super-tax for the year beginning on the 1st day of April, 1936, shall, for the purposes of section 55 of the Indian Income-tax Act, 1922, be those specified in Part II of the Second Schedule, increased in each case by one-twelfth of the amount of the rate. XI of 1922.

(3) For the purposes of the Second Schedule 'total income' means total income as determined for the purposes of income-tax or super-tax, as the case may be, in accordance with the provisions of the Indian Income-tax Act, 1922.

XI of 1922.

(4) For the purpose of any assessment to be made for the year ending 31st March, 1937, the rate of income-tax applicable to such part of the total income of any person as is derived from salaries or from interest on securities paid in the year ending 31st March, 1936, shall be the previous year's rate, and for the purposes of refunds under sub-section (1) or sub-section (3) of section 48 in respect of dividends declared in the year ending 31st March, 1936, or of payments made in the said year of salaries or of interest on securities, the rate applicable to the total income of the person claiming refund shall be the previous year's rate.

Explanation.—In this sub-section the term 'previous year's rate' with reference to any person means the rate of income-tax which would have been applicable to his total income if he had been assessed for the year ending 31st March, 1936, on a total income equal to that on which he is assessable for the year ending 31st March, 1937.

SCHEDULE I.

Schedule to be inserted in the Indian Post Office Act, 1898.

[See section 3.]

"THE FIRST SCHEDULE.

INLAND POSTAGE RATES.

[See section 7.]

Letters.

For a weight not exceeding one tola	One anna.
For every tola, or fraction thereof, exceeding one tola	Half an anna.

Postcards.

Single	Nine pies.
Reply	One and a half annas.

Book, Pattern and Sample Packets.

For the first five tolas or fraction thereof.	Nine pies.
For every additional five tolas or fraction thereof in excess of five tolas	Six pies.

Registered Newspapers.

For a weight not exceeding ten tolas	Quarter of an anna.
For a weight exceeding ten tolas and not exceeding twenty tolas	Half an anna.
For every twenty tolas, or fraction thereof, exceeding twenty tolas	Half an anna.

Parcels.

For a weight not exceeding twenty tolas	Two annas.
For a weight exceeding twenty tolas and not exceeding forty tolas	Four annas
For every forty tolas, or fraction thereof, exceeding forty tolas	Four annas."

SCHEDULE II.

[See section 4.]

PART I.*Rates of Income-tax.*

A. In the case of every individual, Hindu undivided family, unregistered firm and other association of individuals not being a registered firm or a company—

Rate.

- | | |
|---|--|
| (1) When the total income is Rs. 2,000 or upwards, but is less than Rs. 5,000 | Six pies in the rupee. |
| (2) When the total income is Rs. 5,000 or upwards, but is less than Rs. 10,000 | Nine pies in the rupee. |
| (3) When the total income is Rs. 10,000 or upwards, but is less than Rs. 15,000 | One anna in the rupee. |
| (4) When the total income is Rs. 15,000 or upwards, but is less than Rs. 20,000 | One anna and four pies in the rupee. |
| (5) When the total income is Rs. 20,000 or upwards, but is less than Rs. 30,000 | One anna and seven pies in the rupee. |
| (6) When the total income is Rs. 30,000 or upwards, but is less than Rs. 40,000 | One anna and eleven pies in the rupee. |
| (7) When the total income is Rs. 40,000 or upwards, but is less than Rs. 1,00,000 | Two annas and one pie in the rupee. |
| (8) When the total income is Rs. 1,00,000 or upwards | Two annas and two pies in the rupee. |

B. In the case of every company and registered firm, whatever its total income

Two annas and two pies in the rupee.

PART II.

Rates of Super-tax.

In respect of the excess over thirty thousand rupees of total income—	Rate.
(1) in the case of every company—	
(a) in respect of the first twenty thousand rupees of such excess	<i>Nil.</i>
(b) for every rupee of the remainder of such excess	One anna in the rupee.
(2) (a) in the case of every Hindu undivided family—	
(i) in respect of the first forty-five thousand rupees of such excess	<i>Nil.</i>
(ii) for every rupee of the next twenty-five thousand rupees of such excess	One anna and three pies in the rupee.
(b) in the case of every individual, unregistered firm and other association of individuals not being a registered firm or a company—	
(i) for every rupee of the first twenty thousand rupees of such excess	Nine pies in the rupee.
(ii) for every rupee of the next fifty thousand rupees of such excess	One anna and three pies in the rupee.
(c) in the case of every individual, Hindu undivided family, unregistered firm and other association of individuals not being a registered firm or a company—	
(i) for every rupee of the next fifty thousand rupees of such excess	One anna and nine pies in the rupee.
(ii) for every rupee of the next fifty thousand rupees of such excess	Two annas and three pies in the rupee.
(iii) for every rupee of the next fifty thousand rupees of such excess	Two annas and nine pies in the rupee.
(iv) for every rupee of the next fifty thousand rupees of such excess	Three annas and three pies in the rupee.
(v) for every rupee of the next fifty thousand rupees of such excess	Three annas and nine pies in the rupee.
(vi) for every rupee of the next fifty thousand rupees of such excess	Four annas and three pies in the rupee.
(vii) for every rupee of the next fifty thousand rupees of such excess	Four annas and nine pies in the rupee.
(viii) for every rupee of the next fifty thousand rupees of such excess	Five annas and three pies in the rupee.
(ix) for every rupee of the next fifty thousand rupees of such excess	Five annas and nine pies in the rupee.
(x) for every rupee of the remainder of such excess	Six annas and three pies in the rupee.

This Bill has been consented to by the Council of State.

M. B. DADABHOY,
President, Council of State.

The 31st March, 1936.

I assent to this Bill.

WILLINGDON,
Viceroy and Governor General.

The 31st March, 1936.

This Act has been made by me as Governor General under the provisions of section 67-B of the Government of India Act.

WILLINGDON,
Viceroy and Governor General.

The 31st March, 1936.

WHEREAS I, Freeman, Earl of Willingdon, am of opinion that a state of emergency exists which justifies the direction by me that the Indian Finance Act, 1936, being an Act made by me under the provisions of section 67-B of the Government of India Act, shall come into operation forthwith:

NOW, THEREFORE, in exercise of the power conferred by the proviso to sub-section (2) of that section, I do hereby direct accordingly.

WILLINGDON,
Viceroy and Governor General.

The 31st March, 1936.

THE SALT ADDITIONAL IMPORT DUTY
(EXTENDING) BILL, 1936.

INTRODUCED IN THE LEGISLATIVE ASSEMBLY ON THE
8TH APRIL 1936.

A Bill further to extend the operation of the Salt (Additional Import Duty) Act, 1931.

WHEREAS it is expedient further to extend the operation of the Salt (Additional Import Duty) Act, 1931; It is hereby enacted as follows :—

XIV of 1931.

Short title.

1. This Act may be called the Salt Additional Import Duty (Extending) Act, 1936.

Amendment of
section 1,
Act XIV of
1931.

2. In sub-section (3) of section 1 of the Salt (Additional Import Duty) Act, 1931 (hereinafter referred to as the said Act), for the figures " 1936 " the figures " 1938 " shall be substituted.

XIV of 1931.

Amendment of
section 3,
Act XIV of
1931.

3. In sub-section (1) of section 3 of the said Act, for the word " two " the word " one " shall be substituted.

STATEMENT OF OBJECTS AND REASONS.

The object of this Bill is to continue the Salt (Additional Import Duty) Act, 1931, for two more years, subject to a reduction of the rate of duty to $1\frac{1}{2}$ annas.

2. This reduction is a continuation of the process which was begun in 1933, when the rate of duty was lowered from $4\frac{1}{2}$ annas to $2\frac{1}{2}$ annas. It is considered that this step can be taken without detriment to the indigenous producers of salt particularly in the absence—temporary though it may possibly be—of competition from Italian sources.

3. The Indian salt industry has complained that it has been unduly handicapped by the uncertainty created by the practice, hitherto followed, of renewing the Act only on a year to year basis. On this occasion, it is proposed to meet this complaint to some extent by making the reduced duty last for at any rate two years instead of the usual one.

4. It is not proposed that the buying-in price should be further reduced at present. There is reason to believe that the competition between Indian sources is now keen enough to provide reasonable security against the exaction of unduly high profits from the consumer particularly in view of the reduction of duty now proposed; while, on the other hand, recent experience has shown that there may be quite legitimate advances of price in Calcutta owing to changes in freight rates.

P. J. GRIGG.

New Delhi;

The 30th March, 1936.

No. D. 1963-B.

GOVERNMENT OF INDIA.

FINANCE DEPARTMENT.

New Delhi, the 11th April 1936.

RESOLUTION.

The statements relating to the Revised Estimates for 1935-36 and the Budget Estimates for 1936-37 which were presented to the Legislative Assembly and the Council of State on the 28th February 1936 have been reconsidered with reference to the modifications made by the Legislative Assembly and the action taken thereon by the Governor General in Council. The changes made are explained below and the revised statements are now published * as usual for general information.

2. The following reductions were made by the Legislative Assembly in the demands presented to them :—

SUPPLEMENTARY DEMANDS, 1935-36.

	Rs.
79. Baluchistan	100

DEMANDS FOR 1936-37.

Railways.

	Rs.
1. Railway Board	300
6. E. Expenses of Traffic Department	100

Civil.

28. Executive Council	1,48,999
31. Foreign and Political Department	100
32. Home Department	100
39. Defence Department	4,24,999
79. Baluchistan	27,69,100

Of these, the Governor General in Council has, under Section 67-A (7) of the Government of India Act, declared that the demands for 1936-37 under "Executive Council", "Defence Department" and "Baluchistan" are essential to the discharge of his responsibilities. The remaining reductions have been accepted, but these do not affect the figures in the statements which are in thousands of rupees.

* The Railway Budget Statements as finally adopted have been printed on pages 37-47 of Part I of this Volume.

3. As a result of the alteration made by the Legislative Assembly, and accepted by Government, in the inland postage rate for registered newspapers the revenue surplus for 1936-37 is now estimated to be Rs. 6,29,000, i.e., a reduction of Rs. 74,000.

J. C. NIXON,

Secretary to the Government of India.

BUDGET

of the

Governor-General in Council,

April, 1936.

FINANCE DEPARTMENT, <i>New Delhi, the 11th April, 1936.</i>	}	J. C. NIXON, <i>Secretary to the Govt. of India.</i>
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I.—General Statement of the Revenue and Expenditure charged to

	For details, <i>vide</i> State- ment.	Accounts, 1934-35.	Budget Estimate, 1935-36.	Revised Estimate, 1935-36.	Budget Estimate, 1936-37.
		Rs.	Rs.	Rs.	Rs.
Revenue—					
Principal Heads of Revenue—					
Customs	A	52,07,41,915	51,84,00,000	54,71,00,000	54,82,00,000
Taxes on Income	,,	17,54,52,580	16,40,00,000	16,80,00,000	15,67,00,000
Salt	,,	8,00,00,560	8,73,00,000	8,70,00,000	8,75,00,000
Opium	,,	71,94,208	61,16,000	61,70,000	47,41,000
Other Heads	,,	1,91,58,741	1,91,05,000	1,89,69,000	1,87,67,000
TOTAL PRINCIPAL HEADS		80,85,48,314	72,49,21,000	82,72,39,000	91,50,08,000
Railways: Net Receipts (as per Rail- way Budget)	A	32,36,84,197	32,25,45,000	31,98,76,000	31,73,00,000
Irrigation: Net Receipts	,,	74,570	14,000	24,000	19,000
Posts and Telegraphs: Net Receipts .	,,	1,21,99,599	70,52,000	85,77,000	81,55,000
Interest Receipts	,,	2,01,01,536	82,56,000	70,19,000	63,33,000
Civil Administration	,,	85,12,271	92,75,000	98,76,000	93,03,000
Currency and Mint	,,	1,48,09,980	1,07,01,000	1,22,04,000	1,20,13,000
Civil Works	,,	27,05,419	23,30,000	25,72,000	26,80,000
Miscellaneous	,,	73,77,468	58,68,000	53,04,000	55,40,000
Defence Services	,,	5,30,91,950	4,92,77,000	5,68,34,000	4,93,19,000
Provincial Contributions and miscel- laneous adjustments between Central and Provincial Governments	,,	...	...	...	...
Extraordinary Items	,,	2,514	..	3,000	...
TOTAL REVENUE		1,25,10,18,168	1,21,00,34,000	1,24,37,18,000	1,22,76,41,000
DEFICIT		...	...	...	...
TOTAL		1,25,10,18,168	1,21,00,34,000	1,24,37,18,000	1,22,76,41,000

Revenue of the Central Government, in India and in England.

	For details, <i>vide</i> State- ment.	Accounts, 1934-35.	Budget Estimate, 1935-36.	Revised Estimate, 1935-36.	Budget Estimate, 1936-37.
		Rs.	Rs.	Rs.	Rs.
Expenditure—					
Direct Demands on the Revenue	B	4,04,50,231	4,19,58,000	4,24,07,000	4,17,73,000
Forest and other Capital Outlay charged to Revenue	"	1,66,907	49,000	84,000	37,000
Railways: Interest and Miscellaneous Charges (as per Railway Budget)	"	32,36,84,197	32,25,45,000	31,96,76,000	31,73,66,000
Irrigation	"	5,99,155	5,57,000	5,56,000	5,60,000
Posts and Telegraphs	"	87,03,601	86,46,000	81,72,000	89,90,000
Debt Services	"	13,25,10,606	13,39,13,000	13,62,78,000	12,30,17,000
Civil Administration	"	11,10,43,716	10,17,13,000	10,46,04,000	11,10,13,000
Currency and Mint	"	73,54,615	32,56,000	43,11,000	34,01,000
Civil Works	"	2,42,33,243	2,25,32,000	2,26,54,000	2,56,14,000
Miscellaneous	"	4,39,76,567	4,45,76,000	4,43,95,000	4,17,32,000
Defence Services	"	49,64,27,980	49,90,77,000	50,06,34,000	50,38,19,000
Miscellaneous adjustments between the Central and Provincial Govern- ments	"	2,97,77,696	3,04,04,000	3,13,51,000	4,66,57,000
Extraordinary Items	"	2,84,89,559	1,36,000	2,83,89,000	40,34,000
TOTAL EXPENDITURE CHARGED TO REVENUE		1,24,74,18,168	1,20,94,52,000	1,24,37,18,000	1,32,70,12,000
SURPLUS		36,00,000	5,62,000	..	6,39,000
TOTAL		1,35,10,18,168	1,21,00,34,000	1,24,37,18,000	1,32,76,41,000

II.—General Statement of the Receipts and Disbursements of the

	For details, vide Statement.	RECEIPTS.			
		Accounts, 1934-35.	Budget Estimate, 1935-36.	Revised Estimate, 1935-36.	Budget Estimate, 1936-37.
		Rs.	Rs.	Rs.	Rs.
Surplus		36,00,000	5,82,000	...	6,29,000
Railway Capital not charged to Revenue—					
Capital contributed by Railway Companies and Indian States towards outlay on State Railways (as per Railway Budget)	C	...	...	...	...
Debt, Deposits and Advances—					
Permanent Debt (net incurred)	"	3,81,08,645	...	...	...
Floating Debt (net incurred)	"	...	...	...	11,60,00,000
Unfunded Debt (net incurred)	"	14,52,71,812	18,06,56,000	15,85,30,000	14,70,67,000
Deposits and Advances (net)	"	...	18,22,84,000	28,19,56,000	7,90,83,000
Railway Depreciation and Reserve Funds as per Railway Budget (net)	"	15,639	1,88,50,000	...	2,83,50,000
TOTAL DEBT, DEPOSITS AND ADVANCES.		19,33,95,596	38,19,40,000	39,03,80,000	35,85,00,000
Remittances (net)	C	-	5,91,000	2,79,000	3,84,000
Balances of Provincial Governments (net)	"	1,54,88,797	...	...	...
TOTAL RECEIPTS		20,24,84,393	38,31,13,000	39,06,65,000	35,94,80,000
Opening Balance { India		11,88,97,891	13,10,06,891	16,18,31,165	13,50,63,165
England		20,87,50,507	14,17,95,507	21,02,06,886	73,29,366
TOTAL		53,01,32,791	65,59,15,398	76,27,02,571	49,18,60,571

Central Government, in India and in England.

	For details, vide Statement.	DISBURSEMENTS.			
		Accounts, 1934-35.	Budget Estimate, 1935-36.	Revised Estimate, 1935-36.	Budget Estimate, 1936-37.
		Rs.	Rs.	Rs.	Rs.
Deficit					
Railway, Irrigation, Posts and Telegraphs and other Capital outlay not charged to Revenue—					
Capital outlay on Security Printing Press	C	—1,11,908	—1,04,000	—98,000	—8,000
Construction of State Railways (as per Railway Budget)	"	25,12,752	5,50,00,000	1,75,00,000	3,25,00,000
Discharge of Debentures (as per Railway Budget)	"	43,57,556	...	...	...
Capital outlay on Posts and Telegraphs	"	32,87,494	55,07,000	47,44,000	42,02,000
Capital outlay on schemes of Agricultural Improvement and Research	"	78,422	...	27,71,000	7,22,000
Capital outlay on Vizagapatam Port	"	14,71,364	12,50,000	7,70,000	8,95,000
Capital outlay on Light-houses and Light-ships	"	...	...	...	...
Currency Capital outlay	"	—50,619	4,99,14,000	4,99,33,000	—99,000
Initial expenditure on New Capital at Delhi	"	73,13,103	53,45,000	40,08,000	23,66,000
Civil Works	"	—1,77,312	...	...	...
Payment of commuted value of pensions	"	59,37,791	43,93,000	43,17,000	39,90,000
Outlay on Orissa and Sind	"	...	20,00,000	...	...
Payments to Retrenched Personnel	"	—1,08,454	—4,00,000	—2,63,600	—4,41,000
TOTAL CAPITAL ACCOUNT DISBURSEMENTS	...	2,44,10,189	12,28,05,000	8,41,72,000	4,42,24,000
Debt, Deposits and Advances—					
Permanent Debt (net discharged)	C	...	25,42,31,000	22,34,73,000	25,44,23,000
Floating Debt (net discharged)	"	4,89,45,000	3,50,00,000	20,24,50,000	...
Deposits and Advances (net)	"	6,27,91,626	...	...	...
Railway Depreciation and Reserve Funds as per Railway Budget (net)	"	...	...	53,59,000	...
TOTAL DEBT, DEPOSITS AND ADVANCES	...	11,17,36,626	28,92,31,000	43,11,82,000	25,44,23,000
Loans and Advances by the Central Government (net Advances)	C	2,10,09,116	10,23,68,000	9,24,11,000	4,47,63,000
Remittances (net)	"	9,39,289	...	...	...
Balances of Provincial Governments (net)	"	...	57,00,000	2,25,40,000	1,62,55,000
TOTAL DISBURSEMENTS	...	15,80,95,220	52,01,04,000	63,03,05,000	35,96,65,000
Closing Balance {	India	16,18,31,155	12,61,34,891	12,50,68,135	12,48,69,185
	England	21,02,06,366	96,76,507	73,29,386	73,32,388
TOTAL	...	58,01,32,791	65,59,15,398	78,37,02,871	49,18,66,871

A.—Statement of the Revenue of the Central

HEADS OF REVENUE.	ACCOUNTS, 1934-35.				REVISED ESTIMATE,		
	India.	England.	Exchange.	TOTAL.	India.	England.	Item No.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Principal Heads of Revenue—							
I.—Customs. . . .	52,67,41,915	...	...	52,67,41,915	54,71,00,000	...	1
II.—Taxes on Income . .	17,54,52,580	..	...	17,54,52,580	16,80,00,000	...	2
III.—Salt	8,00,00,880	...	...	8,00,00,880	8,70,00,000	...	3
IV.—Opium	71,94,208	...	...	71,94,208	61,70,000	...	4
V.—Land Revenue. . .	20,92,270	...	...	20,92,270	21,20,000	...	5
VI.—Excise	40,68,797	...	...	40,68,797	38,67,000	...	6
VII.—Stamps	42,53,219	...	...	42,53,219	39,10,000	...	7
VIII.—Forest	12,40,713	274	—1	12,40,985	16,00,000	...	8
IX.—Registration . . .	1,06,834	...	...	1,06,834	99,000	...	9
X.—Payments from Indian States	73,96,646	...	...	73,96,646	73,64,000	...	10
TOTAL	80,85,48,041	274	—1	80,85,48,314	81,72,39,000	...	11
Irrigation, etc.—							
XIII.—Works for which Capital accounts are kept—Gross Receipts	1,05,363	..	...	1,05,363	1,69,000	...	12
Deduct—Working Expenses	1,26,858	...	...	1,26,858	1,39,000	...	13
Net Receipts	69,495	...	...	69,495	20,000	...	14
XIV.—Works for which no Capital Accounts are kept	0,075	...	...	0,075	4,000	...	15
TOTAL	74,570	...	...	74,570	24,000	...	16
Posts and Telegraphs—							
XV.—Posts and Telegraphs—Indian Posts and Telegraphs Department—Gross Receipts . .	11,19,87,400	80	..	11,19,87,480	11,40,74,000	...	17
Deduct—Working Expenses	9,89,70,882	8,18,860	—1,861	9,97,87,881	10,50,81,000	13,23,000	18
Net Receipts	1,30,16,518	—8,18,780	1,861	1,21,99,599	98,93,000	—13,23,000	19
Debt Services—							
XVI.—Interest	42,10,791	1,59,33,798	—32,763	2,01,01,826	34,71,000	35,67,000	20
Carried over	82,58,40,920	1,51,05,293	—30,893	84,09,24,319	84,06,27,000	32,44,000	21

*Sterling converted into

Government, in India and in England.

1935-36.			Increase (+) Decrease (—) as compared with Budget, 1935-36.	BUDGET ESTIMATE, 1936-37.				Increase (+) Decrease (—) as compared with Revised 1935-36.
Item No.	Exchange.	TOTAL.		India.	England.	Exchange.	TOTAL.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	...	54,71,00,000	+ 2,87,00,000	54,52,00,000	...	...	54,83,00,000	+ 11,00,000
2	...	16,60,00,000	+ 40,00,000	15,67,00,000	...	...	15,67,00,000	— 1,13,00,000
3	...	8,70,00,000	— 3,00,000	8,75,00,000	...	...	8,75,00,000	+ 5,00,000
4	...	61,70,000	+ 54,000	47,41,000	...	...	47,41,000	— 14,29,000
5	...	21,29,000	+ 65,000	21,53,000	...	...	21,53,000	+ 23,000
6	...	38,67,000	— 1,16,000	38,16,000	...	...	38,16,000	— 51,000
7	...	39,10,000	— 6,15,000	39,08,000	...	...	39,08,000	— 2,000
8	...	16,00,000	+ 5,35,000	14,37,000	...	...	14,37,000	— 1,63,000
9	...	99,000	...	99,000	...	...	99,000	...
10	...	73,64,000	+ 4,000	73,55,000	...	...	73,55,000	— 9,000
11	...	82,72,39,000	+ 3,23,18,000	81,59,08,000	...	...	81,59,08,000	— 1,13,31,000
12	...	1,59,000	+ 5,000	1,61,000	...	...	1,61,000	+ 2,000
13	...	1,39,000	+ 5,000	1,40,000	...	...	1,40,000	— 7,000
14	...	20,000	+ 10,000	15,000	...	...	15,000	— 5,000
15	...	4,000	...	4,000	...	...	4,000	...
16	...	24,000	+ 10,000	10,000	...	...	10,000	— 5,000
17	...	11,49,74,000	+ 17,17,000	11,74,15,000	...	...	11,74,15,000	+ 24,41,000
18	— 7,000	10,63,07,000	— 1,07,000	10,78,20,000	14,31,000	...	10,69,67,000	— 28,63,000
19	7,000	85,77,000	+ 15,25,000	95,88,000	— 14,31,000	...	81,55,000	— 4,23,000
20	— 10,000	70,19,000	— 12,37,000	88,29,000	24,04,000	...	62,33,000	— 7,86,000
21	— 12,000	84,38,59,000	+ 3,26,16,000	62,93,43,000	9,78,000	...	63,03,15,000	— 1,25,44,000

A.—Statement of the Revenue of the Central

HEADS OF REVENUE.	ACCOUNTS, 1934-35.				REVISED ESTIMATE*		
	India.	England.	Exchange.	TOTAL.	India.	England.	Item No.
Brought forward	Rs. 82,58,49,930	Rs. 1,51,05,292	Rs. —30,893	Rs. 84,09,24,319	Rs. 84,06,27,000	Rs. 22,44,000	
Civil Administration—							
XVII.—Administration of Justice	1,48,915	1,296	—3	1,50,208	1,40,000	...	1
XVIII.—Jails and Convict Settlements.	2,35,271	...	...	2,35,271	2,40,000	...	2
XIX.—Police	5,93,541	1,06,667	—553	6,99,655	5,35,000	1,07,000	3
XX.—Ports and Pilotage	20,12,017	...	...	20,12,017	19,43,000	...	4
XX(1).—Light Houses and Light Ships	9,70,717	...	...	9,70,717	9,63,000	...	5
XXI.—Education	2,03,953	...	...	2,03,953	1,82,000	...	6
XXII.—Medical	2,22,635	25,113	—129	2,47,618	2,28,000	25,000	7
XXIII.—Public Health	2,44,178	...	...	2,44,178	2,62,000	...	8
XXIV.—Agriculture	7,99,523	...	...	7,99,523	9,60,000	...	9
XXV.—Industries	15,933	...	...	15,933	15,000	...	10
XXVI.—Miscellaneous Departments	25,98,418	8,418	—25	26,06,806	22,74,000	13,000	11
XXVI-A.—Indian Stores Department	3,26,393	...	...	3,26,393	17,80,000	...	12
TOTAL	83,71,468	1,41,498	—710	85,13,271	95,32,000	1,45,000	13
Currency and Mint—							
XXVII.—Currency	77,84,679	7,77,478	—2,118	85,60,039	73,92,000	21,000	14
XXVIII.—Mint	62,49,941	...	...	62,49,941	47,90,000	1,000	15
TOTAL	1,40,34,620	7,77,478	—2,118	1,48,09,980	1,21,82,000	23,000	16
Civil Works—							
XXX.—Civil Works	26,83,060	22,431	—62	27,05,419	25,62,000	10,000	17
Miscellaneous—							
XXXIII.—Receipts in aid of Superannuation	10,68,331	2,32,407	—566	13,20,232	11,63,000	2,36,000	18
XXXIV.—Stationery and Printing	20,90,510	20,359	—52	21,10,826	23,06,000	17,000	19
XXXV.—Miscellaneous	35,38,003	4,09,374	—1,517	39,46,430	17,43,000	4,28,000	20
TOTAL	67,17,453	6,62,200	—2,165	73,77,468	52,16,000	6,61,000	21
Defence Receipts—							
XXXVI.—Defence Services—Effective.	2,64,08,116	2,17,02,327	—68,132	4,81,32,361	2,45,48,000	2,17,10,000	22
XXXVII.—Defence Services—Non-effective	5,97,168	42,85,193	—12,743	48,69,619	5,57,000	41,53,000	23
XXXVIII.—Transfers from Defence Reserve Fund	...	...	...	...	...	...	24
TOTAL	2,70,95,324	2,59,87,520	—80,674	5,30,01,950	2,51,05,000	2,58,63,000	25
Provincial Contributions and Miscellaneous Adjustments between Central and Provincial Governments—							
XXXIX-A.—Miscellaneous adjustments between the Central and Provincial Governments	...	...	...	...	...	...	26
Extraordinary Items—							
XL.—Extraordinary Receipts	...	2,518	—4	2,514	...	3,000	27
XL-A.—Transfers from Revenue Reserve Fund	...	...	...	...	...	...	28
TOTAL	...	2,518	—4	2,514	...	3,000	29
Railway Revenues as per Railway Budget	82,84,01,420	—47,28,718	11,405	32,66,84,197	32,41,73,000	—45,20,000	30
TOTAL REVENUE	1,21,31,58,295	3,79,70,204	—1,05,331	1,25,10,18,168	1,21,93,97,000	2,44,48,000	31

*Sterling converted into

Government, in India and in England.

1935-36.			Increase (+) Decrease (-) as compared with Budget, 1935-36.	BUDGET ESTIMATE, 1936-37.				Increase (+) Decrease (-) as compared with Revised, 1935-36.
Item No.	Exchange.	TOTAL.		India.	England.	Exchange.	TOTAL.	
	Rs. —12,000	Rs. 84,28,50,000	Rs. +3,26,10,000	Rs. 82,93,42,000	Rs. 9,73,000	Rs. ..	Rs. 83,03,15,000	Rs. —1,25,44,000
1	...	1,40,000	—21,000	1,35,000	...	...	1,35,000	—5,000
2	...	2,40,000	—4,000	2,39,000	...	...	2,39,000	—1,000
3	—1,000	6,41,000	—23,000	6,63,000	1,07,000	...	7,70,000	+1,29,000
4	...	19,43,000	—2,33,000	20,11,000	...	...	20,11,000	+68,000
5	...	9,83,000	+23,000	9,95,000	...	...	9,95,000	+12,000
6	...	1,82,000	—31,000	1,80,000	...	...	1,80,000	—2,000
7	...	2,53,000	+19,000	2,29,000	25,000	...	2,54,000	+1,000
8	...	2,52,000	+29,000	2,13,000	...	...	2,13,000	—39,000
9	...	9,60,000	+58,000	8,87,000	...	...	8,87,000	—73,000
10	...	15,000	...	16,000	...	...	16,000	+1,000
11	...	22,87,000	+2,44,000	23,75,000	8,000	...	23,88,000	+96,000
12	...	17,80,000	+3,40,000	17,25,000	...	...	17,25,000	—55,000
13	—1,000	98,70,000	+4,01,000	96,68,000	1,40,000	...	98,08,000	+1,32,000
14	...	74,13,000	—33,000	81,07,000	...	...	81,07,000	+6,94,000
15	...	47,91,000	+15,38,000	45,05,000	1,000	...	45,06,000	—2,85,000
16	...	1,22,04,000	+15,03,000	1,20,12,000	1,000	...	1,23,13,000	+4,09,000
17	...	26,72,000	+2,42,000	26,70,000	10,000	...	26,50,000	+1,08,000
18	—1,000	14,03,000	—25,000	6,47,000	40,000	...	9,67,000	—7,13,000
19	...	33,23,000	+98,000	31,90,000	17,000	...	32,07,000	—1,16,000
20	—3,000	21,63,000	+1,58,000	22,58,000	3,83,000	...	26,40,000	+4,75,000
21	—3,000	53,94,000	+2,31,000	50,95,000	4,45,000	...	55,40,000	—3,54,000
22	—1,13,000	4,61,45,000	+14,36,000	2,44,07,000	2,12,28,000	...	4,56,35,000	—5,10,000
23	—21,000	40,80,000	+1,21,000	2,22,000	34,62,000	...	36,84,000	—10,05,000
24	...	...	...	...	...	...	...	...
25	—1,94,000	5,05,84,000	+15,57,000	2,46,20,000	2,46,80,000	...	4,93,19,000	—15,15,000
26	...	...	...	...	...	...	...	...
27	...	3,000	+3,000	...	...	...	...	—3,000
28	...	...	...	...	...	...	...	...
29	...	3,000	+3,000	...	...	...	...	—3,000
30	23,000	31,96,78,000	—28,89,000	82,19,22,000	—45,68,000	...	31,78,68,000	—23,10,000
31	—1,37,000	1,24,37,18,000	+3,36,84,000	1,20,59,38,000	3,17,08,000	...	1,22,76,41,000	—1,80,77,000

Rupees at 21 = Rs. 13½.

B.—Statement of the Expenditure charged to Revenue

HEADS OF EXPENDITURE.	ACCOUNTS, 1934-35.				REVISED	
	India.	England.	Exchange.	TOTAL.	India.	Item No.
	Rs.	Rs.	Rs.	Rs.	Rs.	
Direct Demands on the Revenue—						
1.—Customs	1,09,30,815	1,52,936	—379	1,10,73,372	1,16,15,000	1
2.—Taxes on Income	84,23,356	89,769	—179	85,12,946	89,93,000	2
3.—Salt	1,14,31,567	67,659	—159	1,14,99,267	1,18,73,000	3
4.—Opium	34,55,432	33,193	—82	34,88,543	35,09,000	4
5.—Land Revenue	5,55,700	1,601	—4	5,57,297	5,84,000	5
5.—Excise	15,50,223	6,043	—16	15,56,249	16,02,000	6
7.—Stamps	17,79,003	30,639	—93	18,18,549	17,47,000	7
8.—Forest	18,03,358	94,387	—206	18,97,539	18,67,000	8
9.—Registration	16,469	...	...	16,469	17,000	9
TOTAL	3,99,66,222	4,85,127	—1,118	4,04,50,231	4,18,07,000	10
Forest and other Capital Outlay charged to Revenue—						
8A.—Capital outlay on Salt Works	93,030	...	...	93,030	68,000	11
8A.—Forest Capital outlay	71,100	2,787	—10	73,877	15,000	12
TOTAL	1,64,130	2,787	—10	1,66,907	81,000	13
Irrigation, etc., Revenue Account—						
14.—Works for which Capital accounts are kept—						
Interest on Debt	2,55,093	...	...	2,55,093	2,53,000	14
15.—Other Revenue Expenditure	3,38,398	2,183	—2	3,40,529	3,65,000	15
TOTAL	5,93,491	2,183	—2	5,95,622	6,18,000	16
Irrigation, etc., Capital outlay charged to Revenue—						
16.—Construction of Irrigation, etc., Works—						
Financed from Ordinary Revenues	3,538	...	...	3,538	10,000	17
Posts and Telegraphs Revenue Account—						
17.—Posts and Telegraphs—						
Interest on Debt—						
Indian Posts and Telegraphs Department	84,05,035	...	...	84,05,035	79,98,000	18
Posts and Telegraphs Capital Outlay charged to Revenue—						
18.—Capital outlay on Posts and Telegraphs—						
Indian Posts and Telegraphs Department	2,08,566	...	...	2,98,566	1,81,000	19
Debt Services—						
19.—Interest on Ordinary Debt	20,21,80,900	19,07,72,738	—4,81,148	39,24,52,465	19,03,31,000	20
Deduct—Amount chargeable to—						
Railways	19,31,60,651	11,23,81,738	—3,30,331	30,57,11,603	19,03,35,000	21
Irrigation	2,55,093	...	...	2,55,093	2,53,000	22
Posts and Telegraphs	85,29,939	...	...	85,29,939	81,23,000	23
Provincial Loans Fund	7,91,15,078	...	...	7,91,15,078	7,93,00,000	24
Other heads	7,71,149	...	...	7,71,149	7,00,000	25
Remainder chargeable to Ordinary Debt	—7,96,71,060	7,78,90,045	—1,60,317	—10,30,482	—8,88,80,000	26
26.—Interest on other Obligations	10,38,08,993	6,36,398	—3,261	10,44,41,130	11,46,55,000	27
21.—Reduction or Avoidance of Debt	3,00,00,000	...	...	3,00,00,000	3,00,00,000	28
TOTAL	5,41,37,933	7,85,26,343	—1,53,578	13,25,10,658	5,57,75,000	29
Carried over	10,35,68,910	7,90,16,390	—1,54,708	18,24,30,592	10,63,79,000	30

*Sterling converted into.

of the Central Government, in India and in England.

ESTIMATE, 1935-36.				Increase (+) Decrease (-) as compared with Budget, 1935-36.	BUDGET ESTIMATE, 1936-37.				Increase (+) Decrease (-) as compared with Revised, 1935-36.
Item No.	England. Rs.	Exchange. Rs.	TOTAL. Rs.	Rs.	India. Rs.	England. Rs.	Exchange. Rs.	TOTAL. Rs.	Rs.
1	1,71,000	-1,000	1,17,85,000	+2,91,000	1,31,79,000	1,58,000	...	1,33,35,000	+15,50,000
2	1,85,000	-1,000	91,78,000	+21,000	85,15,000	1,58,000	...	88,74,000	-5,04,000
3	26,000	...	1,18,99,000	+1,11,000	1,07,58,000	53,000	...	1,08,11,000	-10,88,000
4	52,000	...	35,61,000	-20,000	28,59,000	27,000	...	28,86,000	-6,75,000
5	6,000	...	5,90,000	-14,000	6,41,000	5,000	...	6,46,000	+56,000
6	7,000	...	16,09,000	-30,000	16,30,000	6,000	...	16,36,000	+27,000
7	23,000	...	17,70,000	-1,70,000	18,13,000	32,000	...	18,44,000	+74,000
8	132,000	-1,000	10,98,000	+2,60,000	17,98,000	1,35,000	...	19,24,000	-74,000
9	...	...	17,000	-1,000	17,000	...	...	17,000	...
10	6,03,000	-3,000	4,24,07,000	+4,49,000	4,12,10,000	5,63,000	...	4,17,73,000	-6,34,000
11	...	...	66,000	+33,000	29,000	...	...	29,000	-37,000
12	3,000	...	18,000	+2,000	5,000	3,000	...	8,000	-10,000
13	3,000	...	84,000	-35,000	34,000	3,000	...	37,000	-47,000
14	...	...	2,63,000	-7,000	2,54,000	...	...	2,54,000	+1,000
15	19,000	...	2,84,000	+6,000	2,19,000	11,000	...	2,30,000	-24,000
16	19,000	...	5,37,000	-1,000	4,73,000	11,000	...	4,84,000	-53,000
17	...	...	19,000	...	76,000	...	...	76,000	+57,000
18	...	...	79,98,000	-3,65,000	80,26,000	...	...	80,26,000	+28,000
19	...	...	1,81,000	-1,12,000	9,04,000	...	...	9,04,000	+7,83,000
20	19,20,81,000	-9,95,000	38,14,37,000	-25,18,000	18,53,34,000	17,49,26,000	...	36,02,40,000	-2,11,78,000
21	11,18,20,000	-5,79,000	80,15,76,000	+30,68,000	18,97,85,000	10,92,12,000	...	29,89,97,000	+25,79,000
22	...	...	2,53,000	+7,000	2,54,000	...	...	2,54,000	-1,000
23	...	...	81,28,000	+3,77,000	81,51,000	...	...	81,51,000	-28,000
24	...	...	7,98,00,000	+27,00,000	8,16,00,000	...	...	8,16,00,000	-18,00,000
25	...	...	7,00,000	+88,000	7,36,000	...	...	7,36,000	-36,000
26	8,02,71,000	-4,10,000	-90,25,000	+37,33,000	-9,52,02,000	6,57,13,000	...	-2,84,89,000	-2,04,64,000
27	8,51,000	-3,000	11,53,03,000	-19,57,000	11,48,86,000	66,31,000	...	12,15,06,000	+62,03,000
28	...	...	3,00,00,000	...	3,00,00,000	...	...	3,00,00,000	...
29	8,09,22,000	-4,10,000	13,63,78,000	+23,05,000	4,06,88,000	7,23,40,000	...	12,20,17,000	-1,42,61,000
30	8,15,47,000	-4,22,000	18,75,04,000	+23,81,000	10,04,68,000	7,28,11,000	...	17,33,77,000	-1,41,37,000

Rupces at £1 = Rs. 13½.

B.—Statement of the Expenditure charged to Revenue

HEADS OF EXPENDITURE.	ACCOUNTS, 1934-35.				REVISED	
	India.	England.	Exchange.	TOTAL.	India.	Item No.
	Rs.	Rs.	Rs.	Rs.	Rs.	
Brought forward	10,35,68,910	7,90,16,390	—1,54,708	18,24,30,592	10,63,79,000	
Civil Administration—						
22.—General Administration	1,11,00,580	50,05,834	—13,420	1,61,52,994	1,18,12,000	1
23.—Audit	98,17,450	2,80,645	—741	1,00,97,354	1,04,74,000	2
24.—Administration of Justice	7,05,298	28,141	—80	7,34,359	7,37,000	3
25.—Jails and Convict Settlements	21,94,244	31,112	—82	22,25,374	22,60,000	4
26.—Police	51,33,785	1,19,531	—319	52,53,997	51,98,000	5
27.—Ports and Pilotage	19,72,032	3,00,310	—772	22,72,100	20,34,000	6
27 (1).—Light Houses and Light Ships	9,57,188	19,543	—54	9,76,676	9,70,000	7
28.—Ecclesiastical	20,80,634	7,85,208	—2,094	28,72,703	31,97,000	8
29.—Political	1,54,49,551	10,42,968	—3,985	1,64,89,032	1,36,00,000	9
29-A.—Frontier Watch and Ward	2,09,98,571	1,15,061	—326	2,11,11,306	2,23,03,000	10
30.—Scientific Departments	64,38,304	5,68,151	—1,752	70,04,703	65,88,000	11
31.—Education	29,16,366	43,190	—113	29,59,443	29,22,000	12
32.—Medical	22,93,176	1,27,420	—358	24,20,240	22,65,000	13
33.—Public Health	14,39,594	1,46,692	—447	15,85,749	13,54,000	14
34.—Agriculture	32,02,079	90,792	—214	32,92,657	42,15,000	15
35.—Industries	3,63,796	17,018	—36	3,80,778	7,04,000	16
36.—Aviation	1,08,48,753	43,029	—161	1,08,92,229	16,65,000	17
37.—Miscellaneous Departments	36,40,377	1,10,665	—341	37,59,701	19,25,000	18
37-A.—Indian Stores Department	6,88,219	74,747	—201	7,62,765	20,88,000	19
TOTAL	10,31,08,396	59,59,714	—24,394	11,10,43,716	9,53,81,000	20
Currency and Mint—						
38.—Currency	52,75,817	5,302	—10	52,81,109	20,08,000	21
39.—Mint	19,83,926	84,744	—164	20,73,506	20,23,000	22
TOTAL	72,64,743	90,046	—174	73,54,615	40,31,000	23
Civil Works—						
41.—Civil Works	2,41,17,347	1,16,289	—370	2,42,33,246	2,26,93,000	24
Miscellaneous—						
43.—Famine—						
A.—Famine Relief	2,000	...	—285	2,000	9,000	25
44.—Territorial and Political Pensions	29,56,755	1,05,599	—285	30,62,069	29,83,000	26
45.—Superannuation Allowances and Pensions	1,01,64,416	2,08,54,548	—59,012	3,09,69,953	1,08,58,000	27
46.—Stationery and Printing	33,42,659	3,14,521	—993	36,56,187	29,50,000	28
47.—Miscellaneous	47,81,540	19,72,079	—5,290	60,48,328	54,25,000	29
TOTAL	2,05,47,370	2,32,46,746	—65,580	4,37,35,536	2,22,29,000	30
Miscellaneous capital outlay charged to Revenue—						
46-A.—Commutation of pensions financed from Ordinary Revenue	2,48,031	...	...	2,48,031	—2,19,000	31
Defence Services—						
48.—Defence Services—Effective	34,25,71,003	6,04,44,153	—1,70,233	40,28,35,982	35,61,91,000	32
49.—Defence Services—Non-effective	3,67,03,421	5,01,36,193	—1,39,545	8,06,99,074	3,67,15,000	33
50.—Transfers to Defence Reserve Fund	68,92,924	...	...	68,92,924	—24,80,000	34
TOTAL	38,61,66,407	11,05,80,346	—3,18,773	49,03,37,950	39,04,17,000	35
Contributions and Miscellaneous Adjustments between Central and Provincial Governments—						
51-A.—Miscellaneous Adjustments between the Central and Provincial Governments	2,97,77,696	...	...	2,97,77,696	3,13,51,000	36
Extraordinary Items—						
52.—Extraordinary Payments	2,83,89,865	1,19,975	—251	2,84,89,569	66,65,000	37
52-I.—Transfers to Revenue Reserve Fund	...	...	...	...	1,96,98,000	38
TOTAL	2,83,89,865	1,19,975	—251	2,84,89,569	2,88,63,000	39
Railway Expenditure as per Railway Budget	19,82,52,964	12,53,02,471	—3,71,228	32,30,84,197	19,57,34,000	40
TOTAL EXPENDITURE CHARGED TO REVENUE	90,04,21,719	34,79,31,957	—9,35,508	1,24,74,18,168	39,03,08,000	41

* Sterling converted into

of the Central Government, in India and in England.

Item No.	ESTIMATE, 1935-36.			Increase (+) Decrease (-) as compared with Budget, 1935-36.	BUDGET ESTIMATE, 1936-37.				Increase (+) Decrease (-) as compared with Revised, 1935-36.
	England.	Exchange.	TOTAL.		India.	England.	Exchange.	TOTAL.	
	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.	
	8,15,47,000	-4,22,000	18,75,04,000	+23,81,000	10,04,66,000	7,29,11,000	...	17,33,77,000	-1,41,37,000
1	51,99,000	-27,000	1,69,84,000	+2,97,000	1,27,59,000	51,68,000	...	1,79,37,000	+9,43,000
2	3,49,000	-2,000	1,09,31,000	+28,000	1,09,12,000	2,99,000	...	1,12,11,000	+3,90,000
3	36,000	...	7,63,000	-37,000	7,75,000	36,000	...	8,10,000	+47,000
4	67,000	...	23,27,000	-22,000	22,41,000	43,000	...	23,84,000	-43,000
5	1,45,000	-1,000	53,40,000	+28,000	54,37,000	1,20,000	...	55,57,000	+2,17,000
6	3,13,000	-2,000	23,46,000	-31,000	23,64,000	3,24,000	...	26,78,000	+3,33,000
7	13,000	...	9,83,000	+39,000	9,74,000	21,000	...	9,95,000	+12,000
8	7,61,000	-4,000	29,57,000	-98,000	29,38,000	7,95,000	...	30,33,000	+76,000
9	10,13,000	-5,000	1,46,08,000	+5,32,000	1,33,18,000	10,02,000	...	1,43,20,000	-2,88,000
10	1,17,000	-1,000	2,24,79,000	+19,15,000	2,12,73,000	1,13,000	...	2,13,85,000	+10,94,000
11	5,47,000	-3,000	71,32,000	-2,56,000	71,13,000	7,16,000	...	78,28,000	+6,96,000
12	43,000	...	29,70,000	-60,000	29,61,000	43,000	...	30,04,000	+34,000
13	1,24,000	-1,000	24,08,000	-14,000	23,62,000	1,25,000	...	27,87,000	+3,79,000
14	1,44,000	-1,000	14,97,000	-1,01,000	33,66,000	90,000	...	34,46,000	+19,49,000
15	95,000	-1,000	43,09,000	+6,56,000	55,45,000	96,000	...	56,81,000	+13,72,000
16	35,000	...	7,39,000	-58,000	8,75,000	25,000	...	9,00,000	+1,61,000
17	91,000	...	17,56,000	+1,37,000	22,63,000	1,27,000	...	23,80,000	+6,24,000
18	90,000	...	20,15,000	-8,000	23,1,000	1,68,000	...	25,19,000	+5,04,000
19	85,000	...	21,71,000	-24,000	21,83,000	84,000	...	22,67,000	+96,000
20	92,7,000	-48,000	10,46,04,000	+28,91,000	10,16,19,000	93,83,000	...	11,10,12,000	+64,08,000
21	19,000	...	20,27,000	+4,80,000	15,58,000	15,000	...	15,73,000	-4,54,000
22	2,62,000	-1,000	22,84,000	+5,84,000	16,84,000	1,44,000	...	18,78,000	-4,56,000
23	...	...	...	...	...	...	...	...	...
24	2,81,000	-1,000	43,11,000	+10,65,000	32,42,000	1,59,000	...	34,01,000	-9,10,000
25	1,82,000	-1,000	2,28,54,000	+3,22,000	2,54,25,000	1,29,000	...	2,66,14,000	+27,60,000
26	...	...	9,000	+9,000	...	...	...	...	-9,000
27	1,17,000	-1,000	30,99,000	+69,000	...	1,08,000	...	30,36,000	-63,000
28	2,00,59,000	-1,04,000	3,08,11,000	-11,41,000	39,28,000	1,80,50,000	...	2,89,14,000	-18,97,000
29	2,71,000	-1,000	32,26,000	-3,21,000	1,08,04,000	3,28,000	...	37,03,000	+4,77,000
30	20,46,000	-11,000	74,60,000	+15,08,000	38,76,000	18,43,000	...	61,79,000	-12,81,000
31	2,24,93,000	-1,17,000	4,46,05,000	+1,19,000	2,14,03,000	2,04,29,000	...	4,18,32,000	-37,73,000
32	...	...	...	...	...	...	...	...	...
33	...	...	...	...	...	...	...	...	...
34	...	...	...	...	...	...	...	...	...
35	...	...	...	...	...	...	...	...	...
36	...	...	...	...	...	...	...	...	...
37	...	...	...	...	...	...	...	...	...
38	...	...	...	...	...	...	...	...	...
39	...	...	...	...	...	...	...	...	...
40	12,45,87,000	-6,45,000	3,19,67,000	-38,69,000	19,54,55,000	12,19,11,000	...	31,73,66,000	-23,10,000
41	84,91,58,000	-18,08,000	1,24,37,46,000	+3,43,00,000	89,20,95,000	33,49,17,000	...	1,23,70,12,000	-1,87,06,000

Rupees at 21 = Rs. 13½.

C.—Statement of Receipts and Disbursements of the

RECEIPTS.	ACCOUNTS, 1934-35.		
	India.	* England.	TOTAL.
	Rs.	Rs.	Rs.
Revenue (from Statement A)	1,21,31,53,295	3,79,70,204	1,25,11,23,499
Exchange	—1,05,331	...	--1,05,331
TOTAL	1,21,30,47,964	3,79,70,204	1,25,10,18,168
Railway Capital not charged to Revenue—			
As per Railway Budget	...	...	...
Public Debt Incurred—			
Permanent Debt—			
<i>Sterling Debt—</i>			
5½ per cent. Stock	...	14,84,909	
5 per cent. Stock	...	5,56,671	
4½ per cent. Stock	...	23,71,435	
4 per cent. Stock	...	1,91,810	
3½ per cent. Stock	...	3,11,10,632	
3 per cent. Stock 1949-52	...	...	
<i>Rupee Debt—</i>			
3½ per cent. Loan 1947-50	25,12,62,400	...	
3 per cent. Bonds 1941	10,67,31,700	...	
3 per cent. Loan 1951-54	...	...	
Other 3½ per cent. Loans	23,900	...	
TOTAL	35,80,18,000	3,57,15,007	39,37,33,007
Floating Debt—			
Treasury Bills—			
Issued to Public	88,82,50,000	...	
Issued to Paper Currency Reserve	1,43,55,67,000	...	
Temporary Loans	74,00,00,000	...	
TOTAL	3,06,38,17,000	...	3,06,38,17,000
Unfunded Debt—			
Deposits of Service Funds	8,35,767	19,03,799	
Post Office Cash Certificates	9,95,32,199	...	
Savings Bank Deposits	53,01,01,140	...	
TOTAL	63,04,69,106	19,03,799	63,23,72,905
Carried over	5,26,53,52,070	7,55,89,010	

*Sterling converted into

Central Government, in India and in England.

REVISED ESTIMATE, 1935-36.			BUDGET ESTIMATE, 1936-37.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1,21,93,97,000 —1,27,000	2,44,48,000 ...	1,24,38,45,000 —1,27,000	1,20,59,38,000 ...	2,17,03,000 ...	1,22,76,41,000 ...
1,21,92,70,000	2,44,48,000	1,24,37,18,000	1,20,59,38,000	2,17,03,000	1,22,76,41,000
...	...	...	...	...	...
...	...	...	...	...	...
...	...	...	...	...	...
...	...	...	...	...	...
...	...	...	...	...	...
...	13,33,34,000	...	...	...	...
...	...	...	...	...	...
...	...	...	...	...	...
15,12,85,000 16,000	...	...	6,000	...	...
15,13,01,000	13,33,34,000	28,46,35,000	6,000	...	6,000
...	...	...	...	...	...
1,73,02,50,000 32,00,00,000	...	...	2,04,00,00,000 ...	...	...
2,05,02,50,000	..	2,05,02,50,000	2,04,00,00,000	...	2,04,00,00,000
8,07,000 12,54,00,000 58,03,68,000	19,43,000	...	7,83,000 13,25,00,000 53,62,93,000	98,65,000	...
70,65,75,000	19,43,000	70,85,18,000	58,95,75,000	98,65,000	67,92,41,000
4,12,73,96,000	15,97,25,000	...	8,91,55,20,000	3,18,68,000	...

C.—Statement of Receipts and Disbursements of the

RECEIPTS.	ACCOUNTS, 1934-35.		
	India.	England.	TOTAL.
	Rs.	Rs.	Rs.
Brought forward	5,26,53,52,070	7,55,89,010	
Deposits and Advances—			
Provincial Loans Fund	12,83,72,659	...	
Posts and Telegraphs Depreciation Fund	9,37,285	...	
Deposits of Local Funds—			
District Funds	16,03,19,754	...	
Other Funds	9,92,65,173	...	
Sinking Funds for Central Loans	1,74,15,444	...	
Other Appropriations for Reduction or Avoidance of Debt	1,63,29,000	...	
Sinking Fund Investment Account	7,89,84,792	...	
Gold Standard Reserve	...	97,26,93,915	
Paper Currency Reserve	...	62,73,02,797	
Silver Redemption Reserve	...	...	
Deposits of Branch Line Companies	5,69,321	...	
Road Development Fund	1,58,90,035	...	
Post Office Cash Certificate Bonus Fund	73,19,301	...	
Fund for reconstruction of Earthquake damage	12,214	...	
Civil Aviation	92,57,000	...	
Economic development and improvement of rural areas	2,81,60,409	...	
Broadcasting	20,00,000	...	
Development in Tribal areas on N.-W. F.	25,00,000	...	
Fund for Sind and Orissa Buildings	...	...	
Departmental and Judicial Deposits	97,82,70,170	...	
Advances	29,09,06,351	54,771	
Discount Sinking Fund	89,36,990	...	
Gain or loss on revaluation, sale, transfer, etc., of assets of Paper Currency Reserve	...	...	
Purchases and Sales of Silver	...	...	
Suspense	1,41,79,059	2,22,131	
Exchange on Remittance Account	...	...	
Miscellaneous	63,02,816	1,77,01,325	
Defence Reserve Fund	68,92,924	...	
Revenue Reserve Fund	...	...	
TOTAL	1,86,58,20,697	1,61,79,74,939	3,48,37,95,636
Railway Depreciation and Reserve Funds as per Railway Budget	13,72,42,927	...	13,72,42,927
Carried over	7,26,84,15,694	1,69,35,63,949	

* Sterling converted into

Central Government, in India and in England.

REVISED ESTIMATE, 1935-36.			BUDGET ESTIMATE, 1936-37.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
4,12,73,96,000	15,97,25,000		3,91,55,20,000	3,13,68,000	
18,75,00,000	...		14,67,00,000	...	
27,67,000	...		25,00,000	...	
16,16,03,000	...		16,18,91,000	...	
10,33,71,000	...		10,17,73,000	...	
1,36,79,000	...		1,36,71,000	...	
1,63,29,000	...		1,63,29,000	...	
74,000	...		...	...	
...	53,40,25,000		...	...	
...	18,27,55,000		...	...	
5,50,000	10,01,60,000		3,00,000	24,00,000	
4,65,000	...		3,90,000	...	
1,35,00,000	...		1,47,50,000	...	
...	...		...	...	
...	...		...	...	
...	...		...	...	
...	...		...	...	
...	...		...	...	
45,00,000	...		...	...	
77,39,09,000	...		78,63,10,000	...	
22,14,24,000	62,000		8,43,93,000	65,000	
66,07,000	...		67,18,000	...	
84,07,000	...		...	...	
10,15,28,000	...		3,00,000	...	
14,13,00,000	9,49,81,000		3,36,12,000	7,00,81,000	
12,09,000	...		...	...	
9,29,76,000	2,02,19,000		1,000	2,66,59,000	
...	...		...	...	
1,96,98,000	...		...	...	
1,87,13,96,000	93,22,02,000	2,80,35,98,000	1,36,96,33,000	9,92,05,000	1,46,88,43,000
13,26,00,000	...	13,26,00,000	13,28,00,000	...	13,28,00,000
6,13,13,92,000	1,09,19,27,000		5,41,79,58,000	13,05,78,000	

C.—Statement of Receipts and Disbursements of the

RECEIPTS.	ACCOUNTS, 1934-35.		
	India.	England.	TOTAL.
	Rs.	Rs.	Rs.
Brought forward	7,26,84,15,694	1,69,35,63,949	
Loans and Advances by the Central Government—			
Advances to Provincial Loans Fund	1,77,73,017	...	
Other Loans and Advances		...	
TOTAL	1,77,73,017	..	1,77,73,017
Remittances—			
I.—Remittances within India—			
Inland Money Orders	80,64,86,970	...	
Other Local Remittances	3,42,717	...	
Other Departmental Accounts	...	...	
Net Receipts by Civil Treasuries from—			
Railways	13,91,61,069	...	
Posts and Telegraphs	5,13,92,117	...	
Net Receipts from Civil Treasuries by—			
Defence Services	31,13,60,957	...	
Posts and Telegraphs	...	...	
II.—Remittances between England and India—			
Remittance Account—			
Iraq drawings	...	84,59,000	
Sale of Silver	...	4,02,46,104	
Other transactions	1,85,85,862	1,59,89,844	
Sterling purchased in India	...	50,05,60,000	
Sterling obtained in London	...	4,52,344	
Remittances through the Reserve Bank	...	...	
Transfers through the Paper Currency Reserve.	10,02,30,547	...	
TOTAL	1,42,75,40,239	56,57,07,292	1,99,32,47,531
Balances of Provincial Governments	4,82,09,219	...	4,82,09,219
TOTAL RECEIPTS	8,76,19,38,169	2,25,92,71,241	
Opening Balance	11,88,97,891	(a) 20,87,50,507	
GRAND TOTAL	8,88,08,36,060	2,46,80,21,748	

* Sterling converted into
(a) Of this amount, £568 represents
(b) Of this amount, £2,137 represents

Central Government, in India and in England.

REVISED ESTIMATE, 1935-36.			BUDGET ESTIMATE, 1936-37.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
6,13,13,92,000	1,09,19,27,000		5,41,79,58,000	13,05,73,000	
91,53,000	...		78,82,000	...	
91,53,000	...	91,53,000	78,82,000	...	78,82,000
82,61,94,000	...		83,84,39,000	...	
28,44,000	...		22,73,000	...	
3,03,87,000	...		3,03,84,000	...	
11,39,48,000	...		13,09,49,000	...	
...	...		...	...	
32,69,89,000	...		33,58,25,000	...	
30,02,000	...		96,67,000	...	
...	15,16,000		...	...	
...	2,05,86,000		...	...	
1,44,36,000	1,73,36,000		1,41,90,000	1,38,68,000	
...	...		...	...	
14,44,77,000	29,98,60,000		...	54,63,60,000	
...	...	1	...	...	
1,46,17,77,000	33,87,48,000	1,80,05,25,000	1,36,16,77,000	56,02,28,000	1,92,19,05,000
1,14,39,000	...	1,11,39,000	1,98,52,000	...	1,98,52,000
7,61,37,61,000	1,43,06,75,000		6,80,73,69,000	69,08,01,000	
16,18,81,185	(b) 21,02,06,386		12,50,68,185	73,29,386	
7,77,55,92,185	1,64,08,81,386		6,93,24,37,185	69,81,30,386	

Rupees at 21 = Rs. 134.

Funds of the Gold Standard Reserve.

Funds of the Gold Standard Reserve.

C.—Statement of Receipts and Disbursements of the

DISBURSEMENTS.	ACCOUNTS, 1934-35		
	India.	England.	TOTAL.
	Rs.	Rs.	Rs.
Expenditure (from Statement B)	90,04,21,719	34,79,31,957	1,24,83,53,676
Exchange	—9,35,508	...	—9,35,508
TOTAL	89,94,86,211	34,79,31,957	1,24,74,18,168
Irrigation, Posts and Telegraphs and other Capital Outlay not charged to Revenue—			
SECURITY PRINTING PRESS	—1,11,908	...	—1,11,908
POSTS AND TELEGRAPHS	32,84,171	3,323	2,87,494
OUTLAY ON SCHEMES OF AGRICULTURAL IMPROVEMENT AND RESEARCH	78,422	...	78,422
VIZAGAPATAM PORT	13,70,352	1,01,012	14,71,364
LIGHT-HOUSES AND LIGHT-SHIPS	—3,008	3,008	...
CURRENCY	—50,619	...	—50,619
INITIAL EXPENDITURE ON NEW CAPITAL AT DELHI	72,13,103	...	72,13,103
CIVIL WORKS	—1,77,312	...	1,77,312
PAYMENT OF COMMUTED VALUE OF PENSIONS	59,37,791	...	59,37,791
PAYMENTS TO RETRENCHED PERSONNEL	—1,08,454	...	—1,08,454
TOTAL	1,74,32,538	1,07,343	1,75,39,881
RAILWAY CAPITAL NOT CHARGED TO REVENUE—			
As per Railway Budget	—1,17,54,979	1,86,25,287	68,70,308
Public Debt Discharged—			
Permanent Debt—			
<i>Sterling Debt—</i>			
6 p. c. Bonds, 1932-33	...	6,667	
Do. 1933-34	...	73,333	
Do. 1933-35	...	1,333	
Do. 1935-37	...	...	
5½ p. c. Stock 1932	...	29,327	
Do. 1936-38	...	...	
East Indian Railway Debenture Stock	...	...	
State Railway Annuities	...	2,36,01,356	
Do. do. Sinking Funds	...	26,66,607	
<i>Rupee Debt—</i>			
6½ p. c. Treasury Bonds, 1935	...	...	
6 p. c. Bonds, 1933-36	14,82,600	...	
Other 6 p. c. Bonds	7,96,100	...	
5½ p. c. War Bonds	79,100	...	
5 p. c. Loan, 1929-47	7,49,250	...	
Do. Bonds, 1935	...	...	
Do. Bonds, 1933	5,37,800	...	
4½ p. c. Bonds, 1934	12,95,01,300	...	
4½ p. c. Holkar State Railway Loan	10,00,000	...	
4 p. c. Loan, 1934-37	19,47,64,300	...	
4 p. c. Conversion Loan, 1916-17	3,02,500	...	
4 p. c. Terminable Loan	500	...	
Other Loans	32,169	...	
TOTAL	32,92,45,619	2,63,78,743	35,56,24,362
Carried over	1,23,44,09,389	39,30,43,330	

* Sterling converted into

Central Government, in India and in England.

REVISED ESTIMATE, 1935-36.			BUDGET ESTIMATE, 1936-37.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
89,63,68,000	34,91,58,000	1,24,55,26,000	89,20,95,000	33,49,17,000	1,22,70,12,000
—18,08,000	...	—18,08,000	...	...	...
89,45,60,000	34,91,58,000	1,24,37,18,000	89,20,95,000	33,49,17,000	1,22,70,12,000
—96,000	...	—96,000	—8,000	...	—8,000
47,43,000	1,000	47,44,000	42,02,000	...	42,02,000
27,65,000	6,000	27,71,000	7,22,000	...	7,22,000
7,16,000	54,000	7,70,000	7,25,000	2,70,000	9,95,000
—5,000	5,000	...	—2,000	2,000	...
4,99,23,000	...	4,99,23,000	—99,000	...	—99,000
40,06,000	...	40,06,000	23,66,000	...	23,66,000
...	...	...	...	...	...
48,17,000	...	48,17,000	39,90,000	...	39,90,000
—2,63,000	...	—2,63,000	—4,44,000	...	—4,44,000
6,66,06,000	66,000	6,66,72,000	1,14,52,000	2,72,000	1,17,24,000
3,00,000	1,72,00,000	1,75,00,000	1,53,00,000	1,72,00,000	3,25,00,000
...	6,000	...	...	...	...
...	1,000	...	...	...	...
...	15,93,66,000	...	...	...	...
...	27,000	...	...	...	...
...	...	...	...	22,47,74,000	...
...	4,66,67,000	...	...	...	...
...	2,44,24,000	...	...	2,52,77,000	...
...	23,22,000	...	...	23,20,000	...
16,02,20,000	...	...	5,50,000	...	...
4,00,000	...	...	3,00,000	...	...
1,40,000	...	...	1,02,000	...	...
44,000	...	...	44,000	...	...
1,50,000	...	...	1,25,000	...	...
11,36,40,000	...	...	5,00,000	...	...
1,70,000	...	...	1,00,000	...	...
2,25,000	...	...	1,25,000	...	...
...	...	...	...	...	...
1,85,000	...	...	1,25,000	...	...
1,00,000	...	...	75,000	...	...
2,000	...	...	2,000	...	...
19,000	...	...	10,000	...	...
27,52,95,000	23,28,13,000	50,81,08,000	20,58,000	25,23,71,000	25,44,29,000
1,23,67,61,000	59,92,37,000	...	92,00,05,000	60,47,60,000	...

C.—Statement of Receipts and Disbursements of the

DISBURSEMENTS.		ACCOUNTS, 1934-35.		
		India.	* England.	TOTAL
		Rs.	Rs.	Rs.
	Brought forward	1,23,44,09,389	39,30,43,330	
Floating Debt—				
Treasury Bills—				
Issued to Public		1,03,86,25,000	...	}
Issued to Paper Currency Reserve		1,33,41,37,000	...	
Temporary Loans		74,00,00,000	...	
	TOTAL	3,11,27,62,000	...	3,11,27,62,000
Unfunded Debt—				
Special Loans		20,216	...	
Treasury Notes		2,500	...	
Deposits of Service Funds		11,95,043	2,35,024	
Post Office Cash Certificates		7,70,02,329	...	
Savings Bank Deposits		40,86,46,481	...	
	TOTAL	48,68,66,569	2,35,024	48,71,01,593
Deposits and Advances—				
Provincial Loans Fund		12,68,06,078	...	
Posts and Telegraphs Depreciation Fund		13,49,980	...	
Deposits of Local Funds—				
District Funds		15,82,27,225	...	
Other Funds		9,96,01,588	...	
Sinking Funds for Central Loans		2,31,270	...	
Other Appropriations for Reduction or Avoidance of Debt		...	...	
Sinking Fund Investment Account		5,62,49,200	...	
Gold Standard Reserve		...	97,26,72,996	
Paper Currency Reserve		...	62,73,02,797	
Silver Redemption Reserve		...	...	
Deposits of Branch Line Companies		4,76,508	...	
Road Development Fund		1,09,28,605	...	
Post Office Cash Certificate Bonus Fund		...	...	
Fund for reconstruction of Earthquake damage		1,19,45,917	...	
Civil Aviation		73,876	...	
Economic development and improvement of rural areas		...	...	
Broadcasting		...	...	
Development in Tribal areas on N. W. F.		...	...	
Funds for Sind and Orissa buildings		...	...	
Departmental and Judicial Deposits		94,38,39,342	...	
Advances		28,60,59,914	72,763	
Discount Sinking Fund		48,40,585	...	
Gain or loss on revaluation, sale, transfer, etc., of assets of Paper Currency Reserve		3,80,16,421	...	
Purchases and Sales of Silver		...	...	
Suspense		9,05,08,800	9,01,31,957	
Exchange on Remittance Account		...	...	
Miscellaneous		21,154	1,81,97,286	
Defence Reserve Fund		...	...	
Revenue Reserve Fund		...	...	
	TOTAL	1,82,92,09,463	1,71,73,77,799	3,54,65,87,262
Railway Depreciation and Reserve Funds as per Railway Budget		13,72,27,288	...	13,72,27,288
Carried over		6,80,04,74,709	2,11,06,56,153	

* Sterling converted into

Central Government, in India and in England.

REVISED ESTIMATE, 1935-36.			BUDGET ESTIMATE, 1936-37.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1,23,67,61,000	59,92,37,000		92,09,05,000	60,47,60,000	
1,93,27,00,000	...		1,93,00,00,000	...	
32,00,00,000	...		...	...	
2,25,27,00,000	...	2,25,27,00,000	1,93,00,00,000	...	1,93,00,00,000
20,000	...		20,000	...	
...	...		...	...	
13,01,000	3,01,000		12,15,000	65,54,000	
12,54,00,000	...		13,75,00,000	...	
42,29,66,000	...		38,68,85,000	...	
54,96,87,000	3,01,000	54,99,88,000	52,56,20,000	65,54,000	53,21,74,000
18,76,00,000	...		14,60,00,000	...	
9,49,000	...		11,29,000	...	
15,87,49,000	...		15,86,08,000	...	
10,13,07,000	...		10,01,04,000	...	
...	...		...	...	
...	...		...	...	
...	...		...	...	
...	53,40,54,000		...	...	
...	18,27,55,000		...	...	
5,50,000	10,01,60,000		3,00,000	24,00,000	
4,50,000	...		4,00,000	...	
1,40,00,000	...		1,70,00,000	...	
25,00,000	...		1,00,00,000	...	
60,73,000	...		69,53,000	...	
16,39,000	...		48,33,000	...	
94,00,000	...		95,00,000	...	
3,81,000	...		...	...	
...	...		...	...	
...	...		...	...	
79,31,65,000	...		78,60,20,000	...	
22,14,68,000	73,000		8,29,81,000	67,000	
59,53,000	...		...	...	
9,48,73,000	...		...	...	
8,16,77,000	...		...	...	
3,77,81,000	38,61,000		3,45,05,000	61,000	
12,09,000	...		...	...	
84,07,000	2,02,19,000		...	2,66,59,000	
24,89,000	...		82,40,000	...	
...	...		...	...	
1,73,06,20,000	84,11,22,000	2,57,17,42,000	1,36,65,73,000	2,91,87,000	1,39,57,60,000
13,78,59,000	...	13,78,59,000	10,44,44,000	...	10,44,44,000
5,90,76,27,000	1,41,06,60,000		4,84,75,42,000	64,05,01,000	

Rupees at £1 = Rs. 13½.

C.—Statement of Receipts and Disbursements of the

DISBURSEMENTS.	ACCOUNTS, 1934-35.		
	India.	England.	TOTAL
	Rs.	Rs.	Rs.
Brought forward	6,80,04,74,709	2,11,06,56,133	
Loans and Advances by the Central Government—			
Advances to Provincial Loans Fund	2,88,97,000	...	
Other Loans and Advances	98,85,133	...	
TOTAL	3,87,82,133	...	3,87,82,133
Remittances—			
I.—Remittances within India—			
Inland Money Orders	80,72,37,791	...	
Other Local Remittances		...	
Other Departmental Accounts	61,237	...	
Net Payments into Civil Treasuries by—			
Railways	13,80,83,088	...	
Posts and Telegraphs	5,14,96,221	...	
Net Issues from Civil Treasuries to—			
Defence Services	31,27,73,134	...	
Posts and Telegraphs	...	...	
II.—Remittances between England and India—			
Remittance Account—			
Iraq drawings	84,59,000	...	
Sale of Silver	4,02,46,104	...	
Other transactions	2,03,74,114	1,42,08,240	
Sterling purchased in India	50,05,60,000	...	
Sterling obtained in London	4,52,841	...	
Remittances through the Reserve Bank	...	...	
Transfers through the Paper currency Reserve	...	10,02,30,547	
TOTAL	1,87,97,48,033	11,44,38,787	1,99,41,86,820
Balances of Provincial Governments	...	3,27,20,422	3,27,20,422
TOTAL DISBURSEMENTS	8,71,90,04,875	2,25,78,15,362 (b)	
Closing Balance	16,18,31,185	21,02,06,886	
GRAND TOTAL	8,88,08,36,060	2,46,80,21,748	

*Sterling converted into
(b) Of this amount, £ 2,137 represents

Central Government, in India and in England.

REVISED ESTIMATE, 1935-36.			BUDGET ESTIMATE, 1936-37.		
India.	* England.	TOTAL.	India.	* England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
5,90,76,27,000	1,44,06,60,000		4,84,75,42,000	64,05,01,000	
8,64,00,000	...		3,98,00,000	...	
1,51,64,000	...		1,28,45,000	...	
10,15,64,000	...	10,15,64,000	5,26,45,000	...	5,26,45,000
82,60,04,000	...		83,81,89,000	...	
22,05,000	...		21,86,000	...	
3,04,37,000	...		3,03,37,000	...	
11,39,48,000	...		13,09,49,000	...	
...	...		...	...	
32,69,89,000	...		33,58,25,000	...	
30,02,000	...		96,67,000	...	
15,16,000	...		...	...	
2,05,36,000	...		...	...	
1,73,36,000	1,44,36,000		1,38,68,000	1,41,90,000	
...	...		...	...	
...	...		...	...	
29,93,60,000	14,44,77,000		54,63,60,000	...	
...	...		...	...	
1,64,13,33,000	15,89,13,000	1,80,02,46,000	1,90,73,81,000	1,41,90,000	1,92,15,71,000
..	3,39,79,000	3,39,79,000	...	3,61,07,000	3,61,07,000
7,65,05,24,000	1,63,35,52,000		6,80,75,68,000	69,07,98,000	
12,50,63,185	73,28,386		12,48,69,185	73,32,386	
7,77,55,92,185	1,64,08,81,386		6,93,24,37,185	69,81,30,386	

Rupess at £1 = Rs. 13½.
funds of the Gold Standard Reserve.

D.—Abstract Statement of the Receipts and Disbursements of the Central Government, in India and in England.

Revenue and Expenditure.	ACCOUNTS, 1934-35.		REVISED ESTIMATE, 1935-36.		BUDGET ESTIMATE, 1936-37.	
	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Principal Heads of Revenue—						
Customs	51,56,69,543	...	53,58,15,000	...	53,48,65,000	...
Taxes on Income	16,69,39,634	...	15,88,22,000	...	14,80,26,000	...
Salt	6,65,01,593	...	7,51,01,000	...	7,66,59,000	...
Opium	37,05,665	...	26,09,000	...	18,55,000	...
Other Heads	1,32,83,648	...	1,39,85,000	...	1,37,00,000	...
TOTAL	76,80,98,083	...	78,48,82,000	...	77,41,35,000	...
Forest and other Capital Outlay charged to Revenue	...	1,66,9071	...	84,000	...	37,000
Irrigation	...	5,24,585	...	5,32,000	...	5,41,000
Railways	...	...	...	...	...	...
Posts and Telegraphs	34,95,998	...	2,98,000	...	...	8,35,000
Debt Services	...	11,24,08,882	...	12,92,59,000	...	11,57,84,000
Civil Administration	...	10,25,31,445	...	9,49,28,000	...	10,12,04,000
Currency and Mint	74,55,865	...	78,93,000	...	92,12,000	...
Civil Works	...	2,15,27,837	...	2,02,82,000	...	2,29,34,000
Miscellaneous	...	3,65,99,079	...	3,65,01,000	...	3,61,92,000
Defence Services	...	44,34,26,000	...	44,98,00,000	...	45,45,00,000
Provincial Contributions and Miscellaneous Adjustments between Central and Provincial Governments	...	2,97,77,696	...	3,13,51,000	...	4,66,57,000
Extraordinary Items	...	2,64,87,045	...	2,88,69,000	...	40,84,000
TOTAL	77,90,49,446	77,64,49,446	79,31,23,000	79,31,23,000	78,38,47,000	78,27,18,000

D.—Abstract Statement of the Receipts and Disbursements of the Central Government, in India and in England—*contd.*

Revenue and Expenditure.	ACCOUNTS, 1934-35.		REVISED ESTIMATE, 1935-36.		BUDGET ESTIMATE, 1936-37.	
	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Surplus or deficit	86,00,000	...	...	...	6,29,000	...
Capital Account—						
Capital outlay on Security Printing Press	...	—1,11,008	...	—98,000	...	—8,000
Railway Capital not charged to Revenue	...	69,70,308	...	1,75,00,000	...	3,25,00,000
Capital outlay on Posts and Telegraphs	...	32,57,494	...	47,44,000	...	42,03,000
Capital Outlay on Schemes of Agricultural Improvement and Research	...	78,422	...	27,71,000	...	7,22,000
Capital outlay on Vizagapatnam Port	...	14,71,364	...	7,70,000	...	9,95,000
Capital outlay on Light-houses and Light-ships	...	...	...	...	...	...
Currency Capital outlay	...	—50,610	...	4,98,23,000	...	—99,000
Initial expenditure on New Capital at Delhi	...	72,13,103	...	40,06,000	...	23,66,000
Civil Works	...	—1,77,312	...	...	...	...
Payment of commuted value of pensions	...	59,37,791	...	48,17,000	...	89,90,000
Payments to Retrenched Personnel	...	—1,08,454	...	—2,63,000	...	—4,44,000
Debt, Deposits, Advances and Remittances—						
Permanent Debt	8,81,05,645	...	...	22,84,73,000	...	25,44,23,000
Floating Debt	...	4,89,45,000	...	20,24,50,000	11,60,00,000	...
Unfunded Debt	14,55,71,312	...	15,55,30,000	...	14,70,67,000	...
Deposits and Advances	...	6,27,75,957	22,65,97,000	...	10,14,39,000	..
Loans and Advances by Central Government	...	2,10,09,116	...	9,24,11,000	...	4,47,63,000
Remittances	...	9,39,259	2,70,000	...	3,34,000	...
Balances of Provincial Governments	1,54,68,797	..	...	2,25,40,000	...	1,62,55,000
Opening Balance	32,76,48,398	...	37,20,37,571	...	13,28,97,571	...
Closing Balance	..	37,20,37,571	...	13,28,97,571	...	13,22,01,571
TOTAL	83,01,17,152	53,01,17,152	75,74,43,571	75,74,43,571	49,18,86,571	49,18,60,571

THE SALT ADDITIONAL IMPORT DUTY (EXTENDING) ACT, 1936.

GOVERNMENT OF INDIA.

LEGISLATIVE DEPARTMENT.

The following Act of the Indian Legislature, received the assent of the Governor-General on the 21st April, 1936, and is hereby promulgated for general information :—

Act No. II of 1936.

An Act further to extend the operation of the Salt (Additional Import Duty) Act, 1931.

WHEREAS it is expedient further to extend the operation of the Salt (Additional Import Duty) Act, 1931 ; It is hereby enacted as follows :—

XIV of 1931.

Short title.

1. This Act may be called the Salt Additional Import Duty (Extending) Act, 1936.

Amendment of
section 1,
Act XIV of
1931.

2. In sub-section (3) of section 1 of the Salt (Additional Import Duty) Act, 1931 (hereinafter referred to as the said Act,) for the figures " 1936 " the figures " 1938 " shall be substituted.

Amendment of
section 3,
Act XIV of
1931.

3. In sub-section (1) of section 3 of the said Act, for the word " two " the word " one " shall be substituted.

Explanatory Memorandum

by the

Financial Secretary.

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INTRODUCTORY.

Unless otherwise stated, the amounts mentioned are in lakhs of rupees; and the expressions "last year", "current year" and "next year" stand for the financial years 1934-35, 1935-36 and 1936-37 respectively.)

REVENUE AND EXPENDITURE.

1. The following statement gives the revenue and expenditure of the Central Government since 1921-22. The sterling amounts are converted into rupees at the average of the daily rates for telegraphic transfers in Calcutta on London in each year. The rate of conversion has been assumed to be $1s. 6 \frac{3}{32}d.$ in 1935-36 and as usual $1s. 6d.$ in 1936-37.

Year	(1) Revenue excluding transfer from Revenue Reserve Fund.	(2) Expenditure excluding transfer to Revenue Reserve Fund and provision for Reduction or Avoidance of Debt and items shown in (3)	(3) Transfer to Earthquake and other Funds.	(4) Balance of (1) minus (2) minus (3).	(5) Provision for Reduction or Avoidance of Debt and Transfer to or from Revenue Reserve Fund.	(6) Final Surplus (+) Deficit (-)
1921-22	1,15,21	1,38,40	..	-23,19	4,46	-27,65
1922-23	1,21,41	1,31,88	..	-10,47	4,55	-15,02
1923-24	1,33,17	1,27,16	..	+6,01	3,62	+2,39
1924-25	1,38,04	1,28,58	..	+9,46	3,78	+5,68
1925-26	1,33,33	1,25,05	..	+8,28	4,97	+3,31
1926-27	1,31,70	1,23,77	..	+7,93	(a) 7,93	..
1927-28	1,25,04	1,22,22	..	+2,82	(b) 2,82	..
1928-29	1,28,24	1,23,88	..	+4,36	(c) 4,68	-32
1929-30	1,32,69	1,26,68	..	+6,01	5,74	+27
1930-31	1,24,60	1,30,04	..	-5,44	6,14	-11,58
1931-32	1,21,64	1,26,50	..	-4,86	6,89	-11,75
1932-33	1,26,40	1,18,01	..	+8,39	6,84	+1,55
1933-34	1,20,37	1,14,65	(d) 2,72	+3,00	3,00	..
1934-35	1,25,10	1,17,14	(e) 4,60	+3,36	3,00	+36
1935-36 (Revised)	1,24,37	1,18,95	(f) 45	+4,97	4,97	..
1936-37 (Budget)	1,22,76	1,19,70	..	+3,06	3,00	+6

(a) After adding 2,96 transferred to Revenue Reserve Fund.

(b) After deducting 2,22 transferred from Revenue Reserve Fund.

(c) After deducting 74 transferred from Revenue Reserve Fund.

(d) Amount transferred to the Earthquake Fund; 63 out of this was utilised for debt redemption.

(e) 2.82 for rural development, 25 for tribal areas in N. W. F. P., 20 for broadcasting, 93 for Civil Aviation and 40 for special grant to Road Fund.

(f) Fund for capital outlay on buildings in Sind (17.5) and Orissa (27.5).

2. In the figures above all receipts on revenue account are included in the total of revenue and all outlay in the total of expenditure, with the main exceptions that the working expenses of railways, irrigation works and posts and telegraphs, and the surplus profits paid to certain railway companies, are treated not as expenditure but as deduction from revenue. The figures of gross revenue thus include the net receipts of railways and other commercial undertakings without any deduction on account of interest charges and also the total receipts under tax revenue without eliminating the cost of collection. Further, defence expenditure is shown gross, the defence receipts being included under revenue. To present a real picture of the revenue available for administrative purposes and the expenditure on such purposes, analytical tables of net revenue and expenditure of the Central Government are given below.

TABLE I.

Year.	Tax revenue less cost of collection (a).	Other revenue net excluding Defence receipts.	Total net revenue.	Interest on Debt.	Reduction or Avoidance of Debt.	Defence expenditure net.	Transfer to Earthquake and other Funds.	Other expenditure charged to revenue but omitting cost of collection on of tax revenue.	Total expenditure charged to revenue.	Surplus+ Deficit—.
1921-22	60.78	17.65	78.43	13.70	4.46	69.81	..	18.11	1,06.08	-27.65
1922-23	61.41	21.33	85.74	13.87	4.55	65.27	..	17.07	1,00.76	-15.02
1923-24	66.66	30.45	97.11	15.97	5.62	56.23	..	18.90	94.72	+2.39
1924-25	67.54	28.84	96.38	14.90	3.78	55.63	..	16.39	90.70	+5.68
1925-26	68.10	25.29	93.39	13.77	4.97	56.00	..	15.74	90.08	+3.31
1926-27	67.96	25.32	93.28	11.77	4.97	55.97	..	20.57	93.28	.. (b)
1927-28	68.12	17.43	85.55	10.57	5.04	54.79	..	16.15	86.55	.. (c)
1928-29	71.63	15.62	87.25	10.20	5.42	55.10	..	16.85	-87.57	-32(d)
1929-30	71.74	19.46	91.20	10.85	5.74	55.10	..	19.24	90.83	+27
1930-31	66.54	13.60	80.14	11.28	6.14	54.30	..	20.00	91.72	-11.58
1931-32	69.52	7.77	77.29	12.83	6.89	51.76	..	17.56	89.04	-11.75
1932-33	76.74	6.10	82.84	11.61	6.84	46.74	..	16.10	81.28	+1.55
1933-34	69.66	5.77	75.43	9.29	3.00	44.42	(e) 2.72	1,600	75.43	..
1934-35	74.57	6.18	80.75	10.25	3.00	44.34	(f) 4.60	18.20	80.39	+36
1935-36 (Revised)	76.17	4.47	80.64	10.63	3.00	44.98	(f) 4.5	21.58	80.64	..
1936-37 (Budget)	75.08	4.38	79.45	19.20	3.00	45.45	..	21.74	79.39	+6

(a) Excludes share of additional revenue from import and excise duties on motor spirit payable to Road Development Fund.

(b) A surplus of 2.96 was transferred to Revenue Reserve Fund.

(c) A deficit of 2.22 was met by transfer from Revenue Reserve Fund.

(d) A deficit of 1.06 was met to the extent of 74 by transfer from Revenue Reserve Fund.

(e) Represents the amount transferred to the Earthquake Fund. 62 out of this was subsequently utilised for debt redemption.

(f) Vide footnotes (e) and (f) on the previous page.

3. The figures in the above table are further analysed in the five tables that follow :—

TABLE II.
Analysis of Revenue and Expenditure of the Central Government.

Year.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
		Tax Revenue.	Cost of collection.	Net Tax Revenue.	Net Revenue from Commercial Departments.	Optim (Receipts less expenditure).	Currency and Mint (Receipts less expenditure).	Interest Receipts.	Provincial Contributions.	Extraordinary Receipts.	Other Revenue.	Total Net Revenue.	Interest on Debt.	Reduction or Avoidance of Debt.	Extraordinary Payments.	Defence Expenditure (net).	Other Expenditure.	Net Capital Outlay of Commercial Departments (Posts and Telegraphs and Irrigation) charged to Revenue.	Total Net Expenditure.	Surplus +, Deficit -.
1921-22	.	63,78	2,00	60,78	-7,01	1,27	2,30	1,11	9,33	..	9,15	78,43	13,70	4,46	..	69,81	17,01	1,10	1,06,08	-37,65
1922-23	.	67,38	2,07	64,41	4,00	1,02	2,59	1,16	9,30	..	2,37	85,74	13,87	4,55	..	65,27	16,89	18	1,00,76	-15,02
1923-24	.	69,14	2,48	66,66	8,07	1,66	2,14	8,16	9,30	2,60	2,72	97,11	15,97	9,93	8,41	58,23	15,86	-37	94,72	+2,39
1924-25	.	70,34	2,70	67,64	7,11	1,44	3,28	3,41	9,20	2,54	1,50	99,38	14,90	8,78	1	55,63	(c) 16,75	-37	90,70	+5,68
1925-26	.	71,06	2,81	68,10	5,78	2,04	3,94	4,32	9,20	63	1,45	93,39	13,37	4,07	26	58,00	(d) 17,00	-1,52	90,06	+3,31
1926-27	.	70,83	2,87	67,96	6,09	3,33	3,30	4,09	5,17	60	2,65	93,28	11,77	4,97	3,00	55,07	(e) 17,39	18	93,28	..
1927-28	.	71,13	3,01	68,12	5,92	3,07	1,90	2,62	..	14	2,78	85,55	10,57	5,04	2,04	54,70	(f) 18,09	20	85,55	..
1928-29	.	(a) 74,77	3,14	71,63	4,52	2,73	2,17	2,60	..	90	3,11	87,25	10,20	5,43	..	55,10	(g) 17,42	16	87,87	-32
1929-30	.	(a) 74,09	3,35	71,74	5,24	2,55	2,00	4,40	..	1,89	3,38	91,20	10,85	5,74	..	55,10	19,11	13	90,83	+27
1930-31	.	(a) 69,76	3,33	66,43	4,03	1,79	27	3,39	..	99	3,13	80,14	11,28	6,14	10	54,30	19,09	15	91,72	-11,59
1931-32	.	(a) 72,58	3,06	69,52	-1,00	1,28	1,02	2,41	..	21	2,85	77,29	12,63	6,80	8	51,70	18,03	-50	80,04	-11,75
1932-33	.	(a) 78,91	3,17	75,74	-45	6	1,05	1,58	..	2	2,94	82,84	11,01	6,94	10	46,74	15,80	5	81,39	+1,55
1933-34	.	(a) 72,97	3,31	69,63	-56	88	74	1,63	..	30	2,73	75,43	9,29	3,00	(A) 2,82	44,43	15,85	5	76,43	..
1934-35	.	(a) 74,08	3,51	74,57	33	37	75	2,01	..	..	2,72	80,76	10,26	3,00	(A) 2,85	44,34	19,02	8	80,39	+36
1935-36 (Revised)	.	(a) 79,99	3,68	76,17	1	26	79	70	..	..	2,71	80,64	10,63	3,00	(A) 2,84	44,08	16,17	2	80,64	..
1936-37 (Budget)	.	(a) 76,76	3,68	75,08	-4	19	92	62	..	..	2,68	79,46	9,80	2,09	(A) 40	46,45	21,23	11	70,39	+6

(a) Excludes share of additional revenue from import and excise duties on motor spirit, payable to Road Development Fund.
 (b) Includes 5,50 freight tax.
 (c) Includes bounties 88.
 (d) Includes bounties 88.
 (e) Includes 1,97 transfer to the Revenue Reserve Fund, 45 for Sind and Orissa buildings and 41 for Quetta expenditure.
 (f) Represents Quetta expenditure.
 (g) Includes bounties 4.
 (h) Includes 2,72 transferred to the Earthquake fund, 62 of which was subsequently utilised for debt redemption.
 (i) Includes 2,82 for economic development of rural areas.
 (j) Includes 1,97 transfer to the Revenue Reserve Fund, 45 for Sind and Orissa buildings and 41 for Quetta expenditure.
 (k) Represents Quetta expenditure.

TABLE III.
Analysis of Tax Revenue.

Year.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
	Revenue from Customs.	Cost of Collection.	Revenue from Taxes on Income.	Cost of Collection.	Revenue from Salt.	Cost of Collection.	Land Revenue.	Cost of Collection.	Revenue from Excise.	Cost of Collection.	Revenue from Stamps.	Cost of Collection.	Revenue from Registration.	Cost of Collection.	Total gross Tax Revenue.	Transfers to Road Development Fund.	Tax revenue retained by Central Government.	Total Cost of Collection.	Total net Tax Revenue.
1921-22	34,41	66	21,89	22	6,34	1,56	33	15	54	3	25	37	2	1	63,78	..	63,78	3,00	60,78
1922-23	41,35	71	17,99	45	6,82	1,51	43	13	52	3	25	13	2	1	67,38	..	67,38	2,97	64,41
1923-24	39,70	71	18,23	63	10,01	1,36	43	11	43	2	28	35	1	..	69,14	..	69,14	2,48	66,66
1924-25	45,75	77	16,01	61	7,39	1,20	38	11	42	2	27	1	2	..	70,24	..	70,24	2,70	67,54
1925-26	47,78	82	15,96	59	6,33	1,25	38	12	42	11	27	7	2	..	71,06	..	71,06	2,96	68,10
1926-27	47,38	81	15,65	62	6,70	1,20	41	13	41	10	27	1	1	..	70,83	..	70,83	2,87	67,96
1927-28	48,22	85	15,06	66	6,63	1,27	41	11	52	12	27	..	2	..	71,13	..	71,13	3,01	68,12
1928-29	49,28	94	16,70	69	7,60	1,23	38	12	53	15	31	1	2	..	74,82	5	74,77	3,14	71,63
1929-30	51,28	97	16,71	72	6,76	1,27	38	11	55	17	27	1	2	..	75,97	98	74,99	3,25	71,74
1930-31	46,81	93	16,00	75	6,83	1,26	34	10	47	17	28	1	1	..	70,74	98	69,76	3,22	66,54
1931-32	46,44	90	17,49	74	8,58	1,16	34	9	51	16	23	1	1	..	73,60	1,02	72,58	3,06	69,52
1932-33	51,95	93	17,97	78	10,07	1,12	18	5	42	15	33	14	1	..	80,93	1,02	79,91	3,77	76,74
1933-34	47,16	99	17,13	82	8,86	1,15	18	6	40	15	31	14	1	..	74,05	1,08	72,97	3,31	69,66
1934-35	52,67	1,11	17,55	85	8,00	1,15	21	6	41	16	42	18	1	..	79,27	1,19	78,08	3,51	74,57
1935-36	54,71	1,18	16,80	92	8,70	1,19	21	6	39	16	39	18	1	..	81,21	1,35	79,86	3,69	76,17
(Revised).																			
1936-37 (Budget).	54,82	1,33	15,67	87	8,75	1,08	21	6	38	16	39	18	1	..	80,23	1,47	78,76	3,68	75,08

TABLE IV.

Analysis showing how net interest figure in Table I is arrived at.

Year.	Amounts charged to						Interest on other obligations.										Total Interest on other obligations.	Total Interest payments— (Net).		
	Gross Interest on Ordinary Debt.	Railways.	Irrigation.	Posts and Telegraphs.	Provincial Loans Fund.	Other heads.	Total deductions.	Net Interest on Ordinary Debt.	Bonus on Cash Certificates.	Post Office Savings Bank.	Provident Funds.	Service Funds.	Fixed Deposits of Provincial Governments.	Famine Relief Fund.	Railway Reserve Fund.	Railway Depreciation Fund.			P. & T. Depreciation Fund.	Other Items.
1921-22	30,00	15,64	12	57	2,58	..	18,91	11,09	14	62	1,56	11	..	..	..	..	..	18	2,61	13,70
1922-23	30,88	16,35	12	59	3,02	..	20,08	10,80	48	63	1,58	11	..	..	..	..	..	25	3,07	13,87
1923-24	35,03	17,57	12	64	3,75	..	22,08	12,95	28	67	1,67	11	..	..	..	..	..	20	3,02	15,97
1924-25	37,56	21,23	12	69	4,21	3	26,28	11,28	16	71	1,85	10	..	14	14	..	..	45	3,62	14,90
1925-26	38,12	23,14	12	51	5,21	6	29,04	9,08	16	74	2,05	10	6	17	34	20	1	46	4,29	13,37
1926-27	37,31	24,30	12	58	5,35	9	30,44	6,87	16	79	2,27	10	21	18	37	27	2	53	4,90	11,77
1927-28	37,46	25,75	12	62	5,46	14	32,09	6,37	23	87	2,21	10	21	20	48	33	3	54	5,20	10,57
1928-29	38,70	27,82	12	70	5,88	15	34,67	4,03	60	98	2,38	10	17	20	65	41	5	63	6,17	10,20
1929-30	40,34	29,09	12	73	6,20	18	36,32	4,02	73	1,03	2,54	12	23	16	74	53	7	68	6,83	10,85
1930-31	41,67	31,34	13	84	6,55	21	39,07	2,60	2,00	1,05	2,93	13	22	16	58	74	11	76	8,68	11,28
1931-32	44,57	31,76	13	79	7,25	24	40,17	4,40	2,06	1,08	3,10	12	7	15	14	73	13	79	8,43	12,83
1932-33	43,58	31,57	2	83	8,01	25	40,68	2,88	2,20	1,15	3,38	13	6	13	..	79	14	81	8,73	11,61
1933-34	40,17	31,29	3	86	8,07	26	40,51	—34	2,60	1,29	3,77	13	12	10	..	57	15	90	9,63	9,29
1934-35	39,25	30,57	3	85	7,91	8	39,44	—19	3,30	1,35	3,90	13	8	7	..	48	16	97	10,44	10,25
1935-36	38,14	30,16	2	81	7,93	7	39,04	—90	4,05	1,56	4,01	13	7	6	..	47	16	1,02	11,53	10,63
(Revised)																				
1936-37 (Budget).	36,02	9,90	3	81	8,16	7	38,97	—2,95	3,75	1,70	4,14	73	4	6	..	51	16	1,06	12,15	9,20

EXPLANATORY MEMORANDUM : GENERAL BUDGET.

TABLE V.

Analysis of main heads of 'Other expenditure' Column 18 in Table II.

Year.	Forest Expenditure.	Miscellaneous.					Total.			Commution of Pensions.	Civil Works.	Salt, Stamp and Forest Capital outlay charged to revenue.	Subventions to Provinces.	Total other Central expenditure.
		Famine.	Territorial, etc., Pensions.	Supernannation Allowances, etc.	Stationery and Printing.	Miscellaneous.								
1921-22	47	3	30	3,44	79	1,03	5,59				1,54			17,01
1922-23	39	2	29	3,61	62	68	5,21				1,35			16,89
1923-24	36		29	2,67	51	68	4,46				1,70			15,86
1924-25	31		31	2,86	35	93	4,35				1,78	18		16,75
1925-26	30		30	2,90	34	71	4,26				1,60	7		17,00
1926-27	32	1	31	2,62	31	71	3,96				1,90	7		17,39
1927-28	31		29	2,51	26	65	3,71		5		1,58	13		16,99
1928-29	33		28	2,45	56	73	4,02		4		1,55	4		17,42
1929-30	35		32	2,66	55	88	4,41		4		1,60	4		18,11
1930-31	36		32	2,56	55	81	4,24		6		1,65	4		19,69
1931-32	32		31	2,68	58	74	4,31		3		1,19	1		18,03
1932-33	23		31	2,74	35	72	4,12		11		75	3	96	15,89
1933-34	19		30	2,94	35	64	4,23		2		90	1	1,00	15,85
1934-35	19		31	3,10	36	60	4,37		3		(b) 1,23	2	2,98	19,92
1935-36 (Revised)	20		31	3,08	32	75	4,46		2		93	1	3,13	19,17
1936-37 (Budget)	19		30	2,89	37	-62	4,18		1		1,09	1	4,47	21,23

(a) Includes 25 for development of tribal areas, 20 for development of broadcasting and 93 for development of civil aviation.

(b) Includes 40 on account of special subvention to the Road Development Fund.

TABLE VI.

Analysis of the total expenditure on 'Civil Administration' in Table V.

Year.	General Administration.	Audit.	Administration of Justice.	Jails and Convict Settlements.	Police.	Ports and Pilotage.	Lighthouses and Lightships.	Ecclesiastical.	Political.	Watch and Ward.	Scientific Departments.	Education.	Medical.	Public Health.	Agriculture.	Industries.	Civil Aviation.	Miscellaneous Departments.	Indian Stores Department.	Total.
1921-22	1.93	70	10	45	88	24	..	31	2.26	..	1.12	31	31	16	21	1	1	41	..	9.41
1922-23	2.04	75	11	41	89	23	..	30	3.04	..	91	31	32	16	21	..	..	26	..	9.94
1923-24	1.56	75	13	36	84	23	..	29	2.98	..	85	31	28	11	24	1	..	40	..	9.34
1924-25	1.54	78	12	36	94	25	..	31	3.16	..	76	32	26	17	31	61	..	24	..	10.13
1925-26	1.56	84	13	36	96	32	..	32	3.37	..	80	32	29	13	27	86	1	23	..	10.77
1926-27	1.66	85	15	37	93	35	..	32	3.32	..	85	38	30	17	27	82	13	11	16	11.14
1927-28	1.72	89	14	35	69	33	..	32	1.58	2.50	91	48	30	17	29	15	10	12	17	11.21
1928-29	1.88	97	15	35	74	29	..	32	1.58	2.54	93	45	31	19	30	7	5	13	19	11.44
1929-30	2.25	1.02	15	42	76	25	14	32	1.92	2.69	94	52	32	21	46	3	20	15	21	12.66
1930-31	2.13	1.03	15	48	93	26	12	32	1.96	2.78	93	62	32	19	48	3	23	29	9	13.34
1931-32	1.98	1.01	16	39	88	26	11	30	1.84	2.39	86	62	30	17	35	2	20	44	9	12.17
1932-33	1.53	94	9	25	55	22	10	29	1.45	2.18	87	35	22	13	30	2	10	20	10	9.89
1933-34	1.54	98	8	24	54	23	10	29	1.36	2.16	68	30	23	13	29	2	13	17	9	9.54
1934-35	1.61	1.01	7	22	52	23	10	29	1.65(a)	2.11	70	29	24	16	33	4	1,07(b)	38(c)	8	11.10
1935-36 (Revised)	1.70	1.08	8	23	53	23	10	30	1.46	2.25	71	80	24	15	43	7	18	30	22	10.46
1936-37 (Budget)	1.79	1.12	8	23	58	27	10	30	1.43	2.14	78	80	28	34	57	9	24	25	23	11.10

(a) Includes 26 for development of tribal areas on the North-West Frontier;
 93 " development of Civil Aviation.
 20 " " Broadgastang;

ACCOUNTS, 1934-35.

4. The revised estimate for 1934-35 anticipated a surplus of 3,27, of which 2, 91 was proposed to be distributed as shown below leaving a surplus of 36 :—

Transfer to the Fund for the economic development and improvement in rural areas	1,13
Fund for development of Civil Aviation	93
Fund for the development of Broadcasting	20
Fund for development in tribal areas on the North-West Frontier	25
Special contribution to the Road Development Fund	40
Total	<u>2,91</u>

The actual surplus of the year, however, amounted to 4,96, i.e. an increase of 1,69, which was taken wholly to the Fund for economic development and improvement in rural areas. The following important variations accounted for this increase :—

Customs receipts	+1,51
Taxes on income receipts	+30
Salt receipts	—54
Interest receipts	—11
Currency and Mint receipts	+19
Miscellaneous receipts	+38
Other items	—2

REVISED ESTIMATE, 1935-36.

5. The revised estimate for the current year compares with the budget estimate as shown below :—

	Budget, 1935-36.	Revised, 1935-36.
Revenue	1,21,00	1,24,37
Expenditure	1,20,94	1,21,95
Surplus+	+6	+2,42

6. The important variations as compared with the budget estimate are as follows :—

	+Better —worse.	
	+	—
Customs	2,87	..
Taxes on Income	40	..
Posts and Telegraphs (net).	20	..
Interest receipts	..	12
Civil Administration (expenditure)	..	29
Subventions to Provinces	..	9
Quetta Earthquake	..	41
Loss by exchange	..	10
Other items	..	10
	3,47	1,11
Net betterness	2,36	

7. As explained in paragraphs 35 and 36 of the Hon'ble the Finance Member's budget speech, the anticipated surplus for 1935-36 of 2,42 has been distributed as follows :

Sind and Orissa buildings	45
Transfer to Revenue Reserve Fund	1,97
	2,42

Budget Estimate, 1936-37.

8. The budget estimate for next year compares with the revised estimate for the current year as shown below :—

	Revised, 1935-36.	Budget, 1936-37.
Revenue	1,24,37	1,24,83
Expenditure	1,21,95	1,22,78
Surplus	<u>+2,42</u>	<u>+2,05</u>

9. The important variations are as follows :—

	+Better..	—Worse..
Customs	11	
Taxes on Income	80	
Salt	5	
Posts and Telegraphs (net)	3	
Interest receipts	..	83
Currency and Mint (net)	13	
Subventions to Provinces	..	1,53
Pensions	20	..
Other items	..	8
Total	<u>1,32</u>	<u>1,69</u>

Net worseness 37

10. Out of the surplus (of 2,05) 1,99 was utilised as follows :—

(a) abolition of taxes on incomes below Rs. 2,000 and reduction in the rates of surcharges on income-tax and super tax	1,85
(b) increase in the weight of the one anna letter from a half to one tola and the adoption of a scale of an additional half anna for every additional tola	13
(c) increase in the weight of registered newspapers to be carried for quarter of an anna	1
Total	<u>1,99</u>

11. The following tables show in detail the variations between the budget estimate for the current year, the revised estimate for the current year and the budget estimate for next year under the main heads of account and the position is further explained in the section-notes on certain heads of revenue and expenditure.

Revenue.

Heads of Account. <i>Revenue.</i>	1935-36.		1936-37.
	Budget.	Revised.	Budget.
Customs { Petrol tax for Road Fund	1,31	1,35	1,47
{ Other items	50,53	53,36	53,35
Taxes on Income	16,40	16,80	15,67
Salt	8,73	8,70	8,75
Opium	61	82	47
Other principal heads of revenue	1,61	1,89	1,88
Irrigation : Receipts less working expenses	..	..	..
Interest	83	70	62
Civil Administration	93	97	98
Civil Works	23	28	27
Currency and Mint	1,07	1,22	1,26
Miscellaneous	56	59	56
Extraordinary Receipts	..	..	..
Provincial contributions and miscellaneous adjustments between Central and Provincial Governments	..	..	..
Posts and Telegraphs : Receipts less working expenses	71	86	81
Railways : Receipts less working expenses	32,25	31,97	31,74
Defence Services	4,93	5,08	4,93
TOTAL	1,21,00	1,24,37	1,22,76

Expenditure.

Heads of Account. <i>Expenditure.</i>	1935-36.		1936-37.
	Budget.	Revised.	Budget.
Customs	1,15	1,18	1,33
Taxes on Income	92	92	87
Salt	1,18	1,19	1,08
Opium	36	36	29
Other heads recording direct demands on the revenue	59	59	61
Irrigation: Interest and Miscellaneous charges	5	5	5
Civil Administration	10,17	10,46	11,10
Currency and Mint	32	43	34
Civil Works { Transfer to Road Fund	1,31	1,35	1,47
{ Other items	94	93	1,09
Superannuation Allowances and Pensions	3,20	3,08	2,89
Miscellaneous	1,25	1,38	1,29
Extraordinary payments	1	2,84	40
Posts and Telegraphs: Interest on Debt	84	80	80
Railways: Interest and Miscellaneous charges	32,25	31,97	31,74
Defence Services	49,91	50,06	50,38
Interest	10,39	10,63	9,20
Reduction or Avoidance of Debt	3,00	3,00	3,00
Miscellaneous adjustment, etc.	3,05	3,14	4,67
Capital expenditure financed from Revenue:			
Posts and Telegraphs	3	2	10
Other Works	1	1	
Commutation of Pensions	1	—2	—1
TOTAL	1,20,94	1,24,37	1,22,70
Surplus	+6	..	+6

NOTES ON CERTAIN HEADS OF REVENUE AND EXPENDITURE.

CUSTOMS.

	Revenue. (Receipts less Refunds).	Expenditure.	Net revenue.
1932-33	51,95.17	92.94	51,02.23
1933-34	47,16.41	98.56	46,17.85
1934-35	52,67.42	1,10.73	51,56.69
1935-36 { Budget	51,84.00	1,14.94	50,69.06
{ Revised	54,71.00	1,17.85	53,53.15
1936-37 Budget	54,82.00	1,33.35	53,48.65

12. The details are as follows :—

	Accounts, 1932-33.	Accounts 1933-34.	Accounts, 1934-35.	1935-36.		Budget, 1936-37.
				Budget.	Revised.	
SEA CUSTOMS.						
IMPORTS.						
I.—Revenue duties.						
Ale, beer, porter, cider and other fermented liquors	35.41	34.21	34.88	85.50	39.00	41.00
Spirits and liqueurs	1,72.59	1,77.98	1,76.81	1,85.00	1,80.00	1,85.00
Wines	12.92	13.81	14.42	15.00	15.00	15.00
Spices	18.16	18.27	16.84	17.00	17.00	17.00
Tea	11.45	13.36	8.29	9.00	15.00	16.00
Tobacco	1,33.72	1,14.81	1,07.48	1,20.00	1,15.00	1,20.00
Kerosene oil.	1,45.35	1,25.77	1,64.06	1,48.00	1,54.00	1,60.00
Motor Spirit	29.09	10.20	5.18	5.00	8.00	8.00
Oils, batching, fuel and lubricating.	34.30	31.59	42.14	45.00	45.00	48.00
Cotton, raw	55.92	10.88	38.61	35.00	62.00	55.00
Boots and shoes	27.81	24.28	17.43	19.00	12.00	12.00
Motor cars, cycles, scooters, omnibuses, chassis, vans, lorries and parts thereof	68.10	95.02	1,33.69	1,40.00	1,80.00	1,40.00

EXPLANATORY MEMORANDUM: GENERAL BUDGET.

	Accounts, 1932-33.	Accounts, 1933-34.	Accounts, 1934-35.	1935-36.		Budget, 1936-37.
				Budget.	Revised.	
CUSTOMS— <i>contd.</i>						
IMPORTS— <i>contd.</i>						
I.— <i>Revenue duties—contd.</i>						
Electric lighting bulbs	18·06	15·92	16·60	16·00	18·00	20·00
Wireless reception instruments and apparatus	2·55	4·09	7·83	8·00	10·00	12·00
Dyes derived from coal-tar and coal-tar derivatives	17·24	23·64	32·37	35·00	32·00	35·00
Machinery	1,27·86	1,50·86	1,59·71	1,50·00	1,72·00	1,80·00
Iron and Steel	35·59	39·34	44·09	45·00	40·00	40·00
Silver bullion, coin, sheets, plates and other manufactures	8·93	2·13	22·19	5·00	5·00	2·00
Tin, block	7·25	6·15	7·67	8·00	9·00	10·00
Metals, other than Iron and Steel, silver and block tin	92·10	75·86	96·05	95·00	1,00·00	1,05·00
Railway plant and rolling stock . .	7·88	9·81	13·39	12·00	20·00	20·00
Artificial silk yarn and thread . .	17·14	15·70	31·38	31·00	30·00	30·00
Yarns and textile fabrics, others . .	96·51	1,00·11	1,62·02	1,65·00	1,25·00	1,35·00
Cinematograph films	9·48	12·81	13·60	15·00	15·00	16·00
Portland cement excluding white Portland cement	11·51	10·16	9·81	10·00	9·00	9·00
Pneumatic rubber tyres and tubes .	37·57	32·52	34·89	45·00	35·00	40·00
Toys, games and sports goods . . .	23·69	25·37	23·75	24·60	23·00	24·00
Betelnuts	57·54	56·54	45·70	45·00	47·00	48·00
All other articles	9,57·73	8,98·13	9,73·89	10,00·00	10,10·00	10,40·00
II.— <i>Protective duties.</i>						
Wheat and wheat flour	...	...	·08	...	·12	...
Broken rice	...	...	...	...	12·00	12·00
Sugar	6,84·79	4,72·04	3,81·35	1,75·00	3,60·00	2,00·00
Heavy Chemicals	4·43	·18	·23	·20	·15	·15
Iron and Steel	1,10·37	85·06	78·60	80·00	75·00	70·00
Silver wire, thread and other manu- factures	8·33	5·72	4·27	5·00	4·00	4·00
Paper and Stationery	21·71	24·24	21·26	21·00	23·00	23·00
Raw Silk	23·15	17·90	30·69	30·00	33·00	33·00
Silk yarn and thread	21·55	12·03	20·08	20·00	22·00	22·00
Cotton yarn and thread	54·87	40·17	32·58	30·00	40·00	40·00
Cotton fabrics of British manu- facture	3,00·48	2,10·42	2,87·26	2,80·00	2,00·00	2,40·00
Cotton fabrics not of British manu- facture	3,52·16	2,50·44	2,58·38	2,45·00	3,35·00	3,00·00

	Accounts, 1932-33.	Accounts, 1933-34.	Accounts, 1934-35.	1935-36.		Budget, 1936-37.
				Budget.	Revised.	
SEA CUSTOMS—contd.						
IMPORTS—contd.						
II.—Protective duties—contd.						
Silk fabrics	2,55.25	1,28.18	88.96	85.00	75.00	70.00
Cotton hosiery	17.95	20.87	27.52	30.00	16.00	16.00
Artificial silk fabrics	...	68.23	1,10.57	1,06.00	1,20.00	1,30.00
Fabrics of artificial silk mixed with other materials	47.64	44.78	26.54	27.00	18.00	18.00
Other textile manufactures	...	...	49.15	48.00	49.00	49.00
Matches, match splints and veneers	.41	.30	.23	.30	.06	...
Wood pulp	8.80	11.49	11.01	11.00	9.67	8.85
TOTAL IMPORTS	41,90.39	35,68.36	38,84.33	36,76.00	38,84.00	38,19.00
SEA CUSTOMS—EXPORTS.						
Skips, raw , ...	14.07	18.82	8.45	..	1.00	...
Jute—						
Raw	3,07.47	3,46.67	3,59.07	3,80.00	3,90.00	3,80.00
Manufactured						
Rice	75.75	69.36	64.79	55.00	67.00	76.00
TOTAL EXPORTS	3,97.29	4,34.85	4,32.31	4,15.00	4,53.60	4,50.00
Sea Customs—Miscellaneous	6.96	8.03	9.38	9.00	10.00	10.00
Land Customs	61.62	1,15.82	57.23	40.00	40.00	40.00
Excise Duty on Motor Spirit	3,93.69	4,42.79	4,91.20	5,33.00	5,50.00	6,00.00
Excise Duty on Kerosene	2,76.62	2,80.68	2,97.39	2,95.00	2,95.00	3,00.00
Excise Duty on Silver	.76	...	...	...	...	...
Excise Duty on Sugar—						
Sugar other than Khandasari and Palmyra	...	...	95.67	1,35.00	1,70.00	1,95.00
Khandasari Sugar	...	...	1.21	15.00	1.00	1.00
Palmyra Sugar	...	...	.49	...	...	...
Excise Duty on Matches	...	...	1,36.07	1,80.00	2,00.00	2,10.00
Excise Duty on Steel Ingots	...	...	11.99	31.00	34.00	34.00

EXPLANATORY MEMORANDUM: GENERAL BUDGET.

	Accounts, 1932-33.	Accounts, 1933-34.	Accounts, 1934-35.	1935-36.		Budget, 1936-37.
				Budget.	Revised.	
SEA CUSTOMS—concl.						
Warehouse and wharf rents	4.39	4.62	7.48	5.00	5.00	5.00
Miscellaneous						
TOTAL GROSS REVENUE	53,31.62	49,55.15	54,25.33	53,34.00	56,47.00	56,04.00
Deduct—Refunds	1,36.45	1,38.74	1,57.91	1,50.00	1,76.00	1,82.00
NET, TOTAL REVENUE	51,95.17	47,16.41	52,67.42	51,84.00	54,71.00	54,22.00
EXPENDITURE.						
India	91.81	97.13	1,09.21	1,13.34	1,16.15	1,31.79
England	1.64	1.44	1.53	1.60	1.71	1.56
Exchange	—01	—01	—01	...	—01	...
Total	92.94	98.56	1,10.73	1,14.94	1,17.85	1,33.35

13. *Revenue.*—The revised estimate of net customs revenue (i.e., gross revenue less refunds) is 2,87 lakhs more than the budget for the year. The betterness is the result of the following variations :—

	Revised better + worse — than original budget.
(1) Import duties—	
Revenue duties—	
Cotton, raw	+27
Machinery	+22
Yarns and textile fabrics, others	—40
Protective duties—	
Sugar	+1,85
Cotton fabrics of British manufacture	—80
Cotton fabrics not of British manufacture	+90
(2) Export duties—	
Jute	+30
(3) Excise and import duties on motor spirit and kerosene	+26
(4) Excise duty on Sugar	+21
(5) Excise duty on Matches	+20
(6) Other items	+12
(7) Refunds of duties	—26
Total	+2,87

14. The budget estimate of revenue for next year exceeds the current year's revised by 11 lakhs which is made up as follows:—

	+ better. —worse.
(1) Import duties—	
Revenue duties—	
All other articles	+30
Protective duties—	
Sugar	—1,60
Cotton fabrics of British manufacture	+40
Cotton fabrics not of British manufacture	—35
(2) Excise and import duties on motor spirit and kerosene	+61
(3) Excise duty on sugar	+25
(4) Other items	+50
Total	+11

15. *Expenditure.*—The increase of about 3 lakhs in the revised over the budget for the current year occurs under “compensations payable to Travancore and Cochin Durbars”.

Of the increase of 15½ lakhs in the budget for next year over the current year's revised 13½ lakhs is due to certain transfers from the head “Salt”. There is a corresponding saving under the latter head.

TAXES ON INCOME.

	Revenue. (Receipts less re- funds and Pro- vincial Govern- ments' share of Income-tax revenue.)	Expenditure.	Net revenue.
1932-33	17,97.40	77.59	17,19.81
1933-34	17,12.85	82.48	16,30.37
1934-35	17,54.53	85.13	16,69.40
1935-36 { Budget	16,40.00	91.57	15,48.43
{ Revised	16,80.00	91.78	15,88.22
1936-37 Budget	15,67.00	86.74	14,80.26

16. The decrease of 113 in the estimate of revenue for next year as compared with the current year's revised is made up as follows:—

(a) Improvement due to better trade conditions this year than in 1934-35	+80
(b) Loss of revenue due to abolition of tax on incomes below Rs. 2,000 and reduction in the rate of surcharges	—1,93
Net	—1,13

17. The decrease in the budget estimate of expenditure for next year is due to a lump reduction of 8 owing to the abolition of tax on incomes below Rs. 2,000 partly counterbalanced by normal increments etc.

18. The following tables give the usual details :—

	Accounts, 1932-33.	Accounts, 1933-34.	Accounts, 1934-35.	1935-36.		Budget 1936-37
				Budget.	Revised.	
REVENUE.						
EXCESS PROFITS DUTY.						
1. Bengal	·01	·01	..	·01	·04	·02
SUPRE-TAX.						
1. India	4·37	3·02	5·99	3·30	3·31	3·28
2. Baluchistan	...	·08	·09	·09	·12	·06
3. Madras	13·12	16·04	15·44	12·85	14·98	13·98
4. Bombay	88·59	80·51	83·89	83·00	88·00	83·00
5. Bengal	1,41·12	1,03·08	1,36·92	1,21·50	1,31·50	1,23·41
6. United Provinces	16·11	22·27	23·27	23·30	24·50	22·20
7. Punjab	5·23	6·30	6·34	6·30	6·30	6·50
8. Burma	40·10	15·88	23·61	28·04	24·31	26·55
9. Bihar and Orissa	11·96	9·53	13·03	11·00	11·00	10·00
10. Central Provinces	1·32	1·35	·80	3·50	4·00	3·50
11. North-West Frontier Province	·64	·64	·65	·40	·66	·64
12. Assam	1·29	2·53	1·27	3·23	2·98	3·18
TOTAL	3,23·85	2,61·23	3,16·85	2,95·51	3,12·16	2,96·30
INCOME-TAX.						
1. India General—						
Civil	1,10·69	1,13·94	1,22·49	1,14·48	1,07·63	85·96
Non-Civil Departments	1,01·58	1,10·62	1,15·11	1,17·75	1,12·10	1,13·10
2. Baluchistan	2·01	2·41	2·60	2·60	1·99	1·99
3. Madras	1,79·44	1,84·94	1,77·59	1,70·61	1,74·85	1,62·22
4. Bombay	4,33·87	4,52·87	4,37·58	4,15·95	4,31·99	4,04·99
5. Bengal	3,42·78	3,16·01	3,59·81	3,14·74	3,26·38	3,03·61
6. United Provinces	1,06·21	1,06·15	1,17·72	1,00·35	1,06·60	95·92
7. Punjab	87·89	90·16	91·92	79·00	91·00	85·80
8. Burma	1,43·46	1,32·25	1,19·52	99·77	1,15·32	1,17·24
9. Bihar and Orissa	60·02	56·56	61·10	50·12	53·45	54·75
10. Central Provinces	41·66	37·99	33·99	37·18	35·36	33·06
11. North-West Frontier Province	11·81	11·51	11·28	11·57	10·58	9·51
12. Assam	20·63	22·16	21·36	23·78	23·23	21·60
13. Coorg	·83	·33	·27	·30	·27	·29
TOTAL	16,41·38	16,42·39	16,72·34	15,38·60	15,95·75	14,89·04

	Accounts, 1932-33.	Accounts, 1933-34.	Accounts 1934-35.	1935-36.		Budget, 1936-37.
				Budget.	Revised.	
REVENUE—contd.						
MISCELLANEOUS.						
1. India	..	..	...	..	...	...
2. Baluchistan	..	..	...	..	...	...
3. Madras	·03	·01	·08	·07	·15	·10
4. Bombay	·01	·01	·02	·05	01	·01
5. Bengal	..	..	·02	·02	·10	·10
6. United Provinces	·21	·16	·75	·25	·25	·25
7. Punjab	·05	·02	·01	·04	01	·01
8. Burma	·25	·11	·15	·02	·10	·02
9. Bihar and Orissa	·05	·04	·02	·03	·03	·03
10. Central Provinces	·04	·01	·02	·05	·05	·05
11. North-West Frontier Province .	..	..	...	...	...	...
TOTAL .	·64	·36	1·07	·53	·70	·57
Total Receipts from Taxes on Income	19,65·88	19,03·99	19,90·26	18,34·65	19,08·65	17,65·98
Deduct—Refunds	1,65·57	1,38·10	2,32·21	1,89·80	2,24·53	2,15·13
Deduct—Shares of Provincial Governments in Income-tax revenue under the Devolution Rules .	2·91	3·04	3·52	4·85	4·07	3·80
Net Total Revenue of the Central Government	17,97·40	17,12·85	17,54·53	16,40·00	16,80·00	15,67·00
EXPENDITURE.						
India	76·91	81·06	84·23	90·22	89·93	85·15
England	·68	1·42	·90	1·85	1 86	1·59
Exchange	..	..	...	..	—·01	...
TOTAL .	77·59	82·48	85·13	91·57	91·78	86·74
Distributed as follows:—						
Payments to Provincial Governments	·25	·24	·22	·24	·23	·23
Direct expenditure of Central Government	77·84	82·24	84·91	91·33	91·55	86 51

19. Figures of Income-tax revenue payable to Provincial Governments are shown below :—

	Accounts, 1932-33.	Accounts, 1933-34.	Accounts, 1934-35.	1935-36.		Budget, 1936-37.
				Budget.	Revised.	
Madras	..	..	..	..	..	..
United Provinces	..	..	..	..	..	..
Punjab	..	..	..	1.10	.27	..
Burma	..	..	..	..	..	..
Bihar and Orissa	1.22	1.32	.29	1.25	.80	.80
Central Provinces	..	..	..	..	..	..
Assam	1.69	1.72	3.23	2.50	3.00	3.00
TOTAL	2.91	3.04	3.52	4.85	4.07	3.80

SALT.

	Revenue (Receipts <i>less</i> Refunds and Provin- cial Share).	Expenditure (including Capital Expenditure charged to Revenue).	Net Revenue.
1932-33	10,07.36	1,13.43	8,93.93
1933-34	8,85.65	1,15.05	7,70.60
1934-35	8,00.01	1,15.92	6,84.09
1935-36 { Budget	8,73.00	1,18.21	7,54.79
{ Revised	8,70.00	1,19.65	7,50.35
1936-37 Budget	8,75.00	1,08.40	7,66.60

20. The relevant details are given below:—

	Accounts, 1932-33.	Accounts, 1933-34.	Accounts, 1934-35.	1935-36.		Budget 1936-37.
				Budget.	Revised.	
REVENUE.						
Northern India (a)	2,82.38	2,32.88	2,12.26	2,38.78	2,37.70	2,38.34
Madras (a)	2,04.19	1,88.55	1,74.71	1,75.65	1,79.63	1,81.40
Bombay (a)	2,14.08	1,89.14	1,72.52	1,92.57	1,84.64	1,85.53
Bengal (b)	2,92.71	2,52.90	2,18.53	2,42.51	2,42.55	2,45.55
Burma (b)	45.10	42.44	39.20	42.68	45.01	43.17
Bihar and Orissa	..	.01	.01	..	.06	.01
TOTAL RECEIPTS	10,38.46	9,05.92	8,17.23	8,92.14	8,89.19	8,94.00
Deduct—Refunds	16.18	14.63	13.52	14.74	15.49	15.30
Deduct—Provincial Share	14.92	5.64	3.70	4.40	3.70	3.70
TOTAL REVENUE	10,07.36	8,85.65	8,00.01	8,73.00	8,70.00	8,75.00
EXPENDITURE.						
Cost of salt purchased by Govern- ment	7.18	6.75	6.09	6.46	6.79	6.41
Assignments and compensations	38.98	40.05	40.03	40.67	40.09	40.40
Interest	4.21	4.20	4.11	4.08	4.11	4.10
Depreciation	2.43	2.21	2.03	2.17	2.25	2.28
Other charges	58.08	60.64	62.05	64.15	65.48	64.40
Expenditure on retrenched personnel	.07	.05	.01	.01	.01	.01
Capital outlay on salt works	1.91	.81	.93	.33	.66	.29
Total India	1,12.86	1,14.21	1,15.25	1,17.87	1,19.39	1,07.87
England	.57	.84	.67	.84	.28	.53
Exchange	..	..	..	..	..	..
TOTAL	1,13.43	1,15.05	1,15.92	1,18.21	1,19.65	1,08.40

(a) Chiefly excise on local manufacture. (b) Chiefly duty on imported salt.

21. The revised estimate for the current year assumes total issues of 5,25 lakhs of maunds of salt. The estimate for next year is based on a total issue of 5,30 lakhs of maunds of salt.

22. The figures of salt consumption are given below for the last five years :—

	In lakhs of maunds.
1930-31	5,23
1931-32	5,39
1932-33	5,15
1933-34	5,37
1934-35	5,08
1935-36 (Estimate)	5,25
1936-37 (Estimate)	5,30

23. Figures of Provincial Governments' shares of Salt Revenue on account of additional duty on Foreign Salt under the Salt (Additional Import Duty) Acts, are given below :—

	Accounts, 1932-33.	Accounts, 1933-34.	Accounts, 1934-35.	1935-36.		Budget, 1936-37.
				Budget.	Revised.	
Madras	..	..	..	..	..	..
Bombay	·19	·07	·04	·05	·04	·04
Bengal	6·04	2·12	1·19	1·63	1·19	1·19
United Provinces	·10	·03	·02	·03	·02	·02
Burma	4·60	2·05	1·68	1·62	1·68	1·68
Bihar and Orissa	3·19	1·12	·63	·87	·63	·63
Central Provinces	·01	..	..	..	..	..
Assam	·73	·25	·14	·20	·14	·14
Total	14·92	5·64	3·70	4·40	3·70	3·70

OPIMUM.

	Provision and medical opium.	Excise opium and mis- cellaneous (less refunds).	Total revenue (Receipts less refunds).	Purchase of opium.	Other charges.	Total expendi- ture.	Net revenue.
1932-33	48·02	46·84	89·86	76·86	7·01	83·87	5·99
1933-34	1,12·96	46·01	1,58·97	63·89	6·93	70·82	88·15
1934-35	26·61	45·33	71·94	28·87	6·01	34·88	37·06
1935-36 { Budget	10·86	50·80	61·16	29·73	6·08	35·81	25·85
{ Revised	10·86	51·64	61·70	29·39	6·82	35·61	26·09
1936-37 Budget	·08	47·33	47·41	23·05	5·81	28·86	18·55

24. The revenue from opium was derived mainly from exports of provision opium to foreign countries. The rest is sold at roughly cost price to Provincial Governments as excise opium for internal consumption in India and is retailed by them to licensed vendors at rates fixed by them and varying from province to province. Exports of provision opium to foreign countries ceased at the end of the calendar year 1935. In future, the receipts will be confined to opium sold for consumption in India.

OTHER PRINCIPAL HEADS OF REVENUE AND DIRECT DEMANDS ON THE REVENUE.

	Revenue.	Expenditure (including capital expenditure).	Net revenue.
1932-33	1,84.85	58.21	1,26.64
1933-34	1,80.45	55.53	1,24.92
1934-35	1,91.59	59.50	1,32.09
1935-36 { Budget	1,91.06	59.54	1,31.51
{ Revised	1,89.69	60.02	1,29.67
1936-37 Budget	1,87.67	60.75	1,26.92

25. These heads comprise Land Revenue, Excise, Stamps, Forest, Registration and Payments from Indian States.

IRRIGATION.

	Revenue (Receipts less Working expenses).	Expenditure (including Capital expenditure charged to Revenue).	Net expenditure.
1932-33	1.64	5.40	3.76
1933-34	07	4.06	3.99
1934-35	74	5.99	5.25
1935-36 { Budget	14	5.57	5.43
{ Revised	24	5.56	5.32
1936-37 Budget	10	5.60	5.41

26. The figures do not call for any comments.

POSTS AND TELEGRAPHS.

	Accounts, 1932-33.	Accounts, 1933-34.	Accounts, 1934-35.	1935-36.		Budget, 1936-37.
				Budget.	Revised.	
INDIAN POSTS AND TELE- GRAPH DEPARTMENT.						
GROSS RECEIPTS	10,55.40	10,72.62	11,10.88	11,32.57	11,49.74	11,74.15
WORKING EXPENSES—						
India	10,04.46	10,31.68	9,89.71	10,54.00	10,50.81	10,78.29
England	11.78	8.51	8.19	8.05	13.23	14.31
Exchange	—08	—01	—02	...	—07	...
TOTAL	10,16.21	10,40.18	9,97.88	10,62.05	10,63.97	10,92.60
NET RECEIPTS	89.19	32.44	1,22.00	70.52	85.77	81.55
EXPENDITURE CHARGED TO REVE- NU—						
Interest	81.08	84.38	84.05	83.53	79.98	80.26
NET REVENUE	—41.89	—51.94	37.95	—13.01	5.79	1.29
CAPITAL OUTLAY CHARGED TO RE- VENUE—						
India	4.56	4.73	2.99	2.93	1.81	9.64
England	..	..	..	..	..	...
Exchange	..	..	..	..	..	...
TOTAL	4.56	4.73	2.99	2.93	1.81	9.64
CAPITAL OUTLAY NOT CHARGED TO REVENUE—						
India	14.82	5.86	32.84	55.07	47.43	42.02
England	..	.02	.03	..	.01	...
Exchange	..	...	...	..	..	..
TOTAL	14.82	5.88	32.87	55.07	47.44	42.02

27. The budget estimate for the current year anticipated a loss of 13 on the working of the Indian Posts and Telegraphs Department. It is now anticipated that there will be a gain of 6, i.e., an improvement of 19 over the original budget. The figures in the budget estimate for next year have been fully explained in the Hon'ble Finance Member's speech.

28. The annual profit or loss in the working of the Department as shown in the accounts and estimates since it was commercialised is given below :—

	Current. Loss—	Progressive. Profit+.
1925-26	+37·03	+37·03
1926-27	+10·25	+47·28
1927-28	—26·15	+21·13
1928-29	—53·83	—32·70
1929-30	—62·45	—95·15
1930-31	—1,33·49	—2,28·64
1931-32	—93·85	—1,61·10
1932-33	—41·89	—2,02·99
1933-34	—51·94	—2,54·93
1934-35	+37·95	—2,16·98
1935-36 (Revised)	+5·79	—1,68·52
1936-37 (Budget)	+1·29	—1,67·23

As a result of the acceptance by Government of certain recommendations of the Posts and Telegraphs Accounts Enquiry Committee, the total progressive loss, arising out of the commercial activities of the department, as shown in the accounts, up to the end of the year 1930-31, was reduced by 1,61·39. The figures of the progressive loss at end of 1931-32 and subsequent years have been corrected accordingly. The progressive figure shown against 1935-36 includes a similar adjustment of 42·67.

INTEREST RECEIPTS.—

	Accounts, 1934-35.	Budget, 1935-36.	Revised, 1935-36.	Budget, 1936-37.
India	42·11	37·12	34·71	38·29
England	17·29	45·16	28·47	24·04
Exchange	—·33	..	—·19	..
TOTAL	2,01·02	82·56	70·19	62·33

29. The drop in the Revised estimate for the current year in England is due to the depreciation of the securities held in the Silver Redemption Reserve.

30. The budget estimate for next year in England represents the interest on the securities held in the Silver Redemption Reserve only as all our cash balances are now being held by the Reserve Bank.

INTEREST PAYMENTS.

	Accounts, 1934-35.	Budget, 1935-36.	Revised, 1935-36.	Budget, 1936-37.
<i>Interest on Ordinary Debt—</i>				
Gross payments—				
India	20,21·61	19,53·83	19,03·31	18,53·24
England	19,07·73	18,85·62	19,20·91	17,49·25
Exchange	—4·81	..	—9·95	..
Total	30,24·53	38,39·45	38,14·27	36,02·49
<i>Deduct—Amounts charged to—</i>				
Railways	30,57·12	30,46·44	30,15·76	29,89·97
Irrigation	2·55	2·60	2·53	2·54
Posts and Telegraphs	85·30	85·00	81·23	81·51
Other heads	7·71	7·88	7·00	7·36
Provincial Loans Fund	7,91·15	8,25·00	7,98·00	8,16·00
Total deductions	39,43·83	39,66·92	39,04·52	38,97·38
Net	—19·30	—1,27·47	—90·25	—2,94·89
<i>Interest on other Obligations—</i>				
Bonus on Post Office Cash Certificates	8,80·00	3,90·00	4,05·00	3,75·00
Post Office Savings Bank Deposits	1,34·59	1,69·00	1,56·00	1,70·00
Provident Funds	3,89·67	4,06·94	4,01·59	4,14·10
Service Funds	13·54	13·21	13·35	12·64
Fixed Deposits of Provin- cial Governments	8·10	4·50	6·86	4·50
Famine Relief Fund	7·22	6·94	6·31	5·93
Railway Depreciation Fund	48·37	58·25	46·55	50·92
Posts and Telegraphs Depre- ciation Fund	15·65	15·88	15·52	15·87
Other items	97·27	1,01·88	1,01·85	1,06·10
Total	10,44·41	11,66·80	11,53·03	12,15·06
Total Interest payments	10,25·11	10,39·13	10,62·78	9,20·17

Interest on Ordinary Debt.

31. Details of payments of Interest on Ordinary Debt will be found in the volume of Demands for Grants. The payments are, as usual, affected by the nature and extent of the ways and means operations, and are broadly summarised below:—

	Budget, 1935-36.	Revised, 1935-36.	Budget, 1936-37.
<i>India.</i>			
(i) Service of new rupee loan	50·00	26·00	..
(ii) Management of Debt	7·72	7·83	7·77
(iii) Discount on Treasury Bills	85·00	63·08	70·00
(iv) Discount and premium written off to revenue	66·04	66·07	67·18
(v) Interest on temporary loans	..	2·21	..
(vi) Interest on all other loans	17,43·32	17,36·73	17,08·16
(vii) Other items	1·75	1·39	·13
	<u>19,53·83</u>	<u>19,03·31</u>	<u>18,53·24</u>

England.

(i) Interest on loans contracted in England	15,39·24	15,53·08	14,21·98
(ii) Interest on Railway annuities	2,07·81	2,07·81	1,99·26
(iii) Interest on outstanding liabilities of railway companies taken over on purchase	1,23·93	1,23·93	1,13·43
(iv) Management of Debt	12·68	34·13	12·86
(v) Other items	1·96	1·96	1·72
	<u>18,85·62</u>	<u>19,20·91</u>	<u>17,49·25</u>

32. The Indian estimates assume the following figures for Treasury Bills outstanding :—

	1st April 1935.	31st March 1936.	31st March 1937.
Bills outstanding with the public	18,27·25	34,09·75	45,09·75
Bills in the Reserve Bank	36,07·00		

Interest on other Obligations.

33. Interest on provident fund balances is calculated at 5 per cent. per annum in revised and $4\frac{1}{2}$ per cent. in budget. Interest on depreciation and reserve fund balances is calculated at 5.04 per cent. in current year and 4.9 per cent. in next which are the rates assumed in the estimates for the calculation of interest chargeable to commercial departments on advances for capital outlay.

34. The total net interest charges have varied as follows since 1924-25 :—

Actuals, 1924-25	14,90
„ 1925-26	13,37
„ 1926-27	11,77
„ 1927-28	10,57
„ 1928-29	10,20
„ 1929-30	10,85
„ 1930-31	11,28
„ 1931-32	12,83
„ 1932-33	11,61
„ 1933-34	9,29
„ 1934-35	10,25
Revised, 1935-36	10,63
Budget, 1936-37	9,20

35. The increase of 38 in the revised estimate for the current year over the actuals of last year is the net result of a decrease of 71 under “Interest on Ordinary Debt” and an increase of 1,09 under “Interest on other Obligations”. The decrease under the former head is the result of our conversion operations and the increase under the latter occurs mainly under Post Office Cash Certificates (75), Savings Bank Deposits (21) and Provident Funds (12).

36. The reduction of 1.43 in the estimate for next year as compared with the current year's revised is made up of a decrease of 2.05 under “Interest on Ordinary Debt,” due to the full effect of our conversion operations of the current year and to the proposed repayment of £16.8 millions of $5\frac{1}{2}$ per cent. Sterling Stock next year without raising a loan, and an increase of 62 under “Interest on other Obligations”. This increase is mainly due to an alteration in the accounting arrangements in respect of the I.M.S. and I.C.S. Family Pension Funds. At present the subscriptions collected on account of these funds are credited to general revenues and the pensions are paid from the same source. The interest on the balances in the funds does not enter the Government accounts. A *pro forma* account is, however, maintained showing the balances in the funds, the interest accrued, the subscriptions received and the pensions paid. As the present accounting arrangements are admittedly erroneous, it has been proposed that in future the balances to the credit of the funds should be shown as regular unfunded debt. The subscriptions received and the interest on the balances will be credited to the funds and the pensions will be paid direct from the funds. The 62 increase under interest is thus set off by reductions of 34 under Military pensions and 20 under Civil pensions.

37. The following table shows the provision made from year to year in respect of the liability for bonus on postal cash certificates :—

Year.	Balance held at close of the year on account of cash certificates.	Bonus provided for from revenue.
1924-25	13,12	16
1925-26	20,96	16
1926-27	26,68	16
1927-28	30,70	23
1928-29	32,30	60
1929-30	35,00	73
1930-31	38,43	2,00
1931-32	44,58	2,06
1932-33	55,64	2,20
1933-34	63,71	2,60
1934-35	65,96	3,30
1935-36	65,96	4,00
1936-37	65,46	3,75

APPROPRIATION FOR REDUCTION OR AVOIDANCE OF DEBT.

38. As explained by the Hon'ble the Finance Member in his budget speech, 3,00 is being provided in the estimates for next year also for reduction or avoidance of debt.

39. The provision of 3,00 will cover the following specific items :—

	Revised, 1935-36.	Budget, 1936-37.
Sinking fund provision for 5 per cent. rupee loans	1,36.71	1,36.71
Railway sinking funds	23.10	23.20
Capital portion of liabilities assumed in respect of British 5 per cent. War Loan 1929-47	..	..
A part of the capital portion of Railway annuities	1,40.19	1,40.09
TOTAL	3,00.00	3,00.00

40. The sums provided from revenue on this account from year to year are indicated below :—

1923-24	3,62
1924-25	3,78
1925-26	4,97
1926-27	4,97
1927-28	5,04
1928-29	5,42
1929-30	5,74
1930-31	6,14
1931-32	6,89
1932-33	6,84
1933-34	3,00
1934-35	3,00
1935-36	3,00
1936-37	3,00

CIVIL ADMINISTRATION.

	Revenue.	Expenditure.	Net expenditure.
1932-33	86.68	9,68.79	8,82.11
1933-34	76.22	9,53.62	8,77.40
1934-35	85.12	11,10.44	10,25.32
1935-36 (Budget)	92.75	10,17.13	9,24.38
Revised	96.76	10,46.04	9,49.28
1936-37 Budget	98.08	11,10.12	10,12.04

41. *Revenue*.—Larger receipts in the Civil Aviation, Broadcasting and Indian Stores Departments account for the increases in the revised estimate for the current year and the budget estimate for next year.

42. *Expenditure*.—The increase of 29 in the revised over the current year's budget is made up as follows :—

(a) Frontier watch and ward, mainly due to the construction of certain roads and bridges	19
(b) Payments to provinces from sugar excise duty : budget provision for this was made under Miscellaneous Adjustments	6
(c) Other miscellaneous items	4
Total	29

The increase of 64 in the budget estimate for next year as compared with the revised estimate for the current year is due to—

(a) Delhi sewerage and refuse disposal schemes	18
(b) Payments to the provinces from sugar excise duty	9
(c) Establishment of the Central Dairy Institute	5
(d) Grants to Irwin Hospital, Delhi, and Victoria Hospital, Ajmer	3
(e) Extra expenditure on aviation	5
(f) Extra expenditure on broadcasting	4
(g) Special grant for archaeological repairs	2
(h) Full effect for twelve months of the removal of the pay cut, increments and other miscellaneous items	18
Total	64

CURRENCY AND MINT.

		Revenue.	Expenditure.	Net revenue.
1932-33	.	2,30·63	65·67	1,64·93
1933-34	.	1,33·41	59·31	74·10
1934-35	.	1,48·10	73·55	74·55
1935-36	{ Budget	1,07·01	32·56	74·45
	{ Revised	1,22·04	43·11	78·93
1936-37	Budget	1,26·13	34·01	92·12

43. *Revenue*.—The details of the estimates are given below :—

	Budget 1935-36.	Revised 1935-36.	Budget 1936-37.
(1) Surplus profits of the Reserve Bank	50	43	65
(2) Profits from circulation of bronze and nickel coin	28	37	40
(3) Other items	29	42	21
	1,07	1,22	1,26

The increase in the revised estimate for the current year and the budget estimate for next year under item (2) is due to larger demand for small coin. The revised estimate for the current year under item (3) includes certain special non-recurring credits.

44. *Expenditure*.—The increase in the revised estimate for the current year over the budget estimate is mainly due to the larger demand for currency notes and small coin.

CIVIL WORKS.

45. The grant to the Road Development Fund which is included for budgetary purposes under Civil Works is shown separately.

Ordinary.

		Revenue.	Expenditure.	Net expenditure.
1932-33	.	23.37	75.39	52.02
1933-34	.	26.93	89.72	62.79
1934-35	.	27.05	83.40	56.35
1935-36	{ Budget	23.30	94.32	71.02
	{ Revised	25.72	93.54	67.82
1936-37	Budget	26.80	1,08.64	81.84

Appropriation to Road Fund.

1932-33	.	1,01.77
1933-34	.	1,08.51
1934-35	.	1,58.93
1935-36	{ Budget	1,31.00
	{ Revised	1,35.00
1936-37	Budget	1,47.50

MISCELLANEOUS.

		Revenue.	Expenditure.	Net expenditure.
1932-33	.	93.23	4,23.52	3,30.29
1933-34	.	78.95	4,21.26	3,42.31
1934-35	.	73.78	4,39.77	3,65.99
1935-36	{ Budget	56.63	4,45.76	3,89.13
	{ Revised	58.94	4,43.95	3,85.01
1936-37	Budget	55.40	4,17.32	3,61.92

46. *Expenditure. Revised Estimate.*—A saving of 14 under Pensionary charges is partially set off by an increase of 12 under other heads, of which 10 is due to loss by exchange.

Budget Estimate 1936-37.—The decrease of 27 as compared with the revised estimate is due to the following variations :—

(1) Pensionary charges, mainly due to the omission of I.C.S. family pensions	—18
(2) Loss by exchange included in the Revised	—10
(3) Other items	+ 1
	—27

EXTRAORDINARY ITEMS.

	Accounts, 1934-35.	1935-36.		Budget, 1936-37.
		Budget.	Revised.	
Receipts—				
India	..	..	..	..
England	..	..	..	..
Exchange	..	..	..	..
TOTAL	..03	..	..03	..
Payments—				
India	2,83.70	..28	2,83.63	40.12
England	1.20	1.08	..26	..22
Exchange	..	..	..	..
TOTAL	2,84.90	1.36	2,83.89	40.34

47. The revised estimate for the current year and the budget estimate for next year include the following special items :—

	Revised estimate 1935-36.	Budget estimate 1936-37.
(a) Transfer to the Revenue Reserve Fund	1,96.98	..
(b) Transfer to the Fund for Sind and Orissa buildings	45.00	..
(c) Civil expenditure on Quetta	41.42	40.05
	<u>2,83.40</u>	<u>40.05</u>

The actuals of 1934-35 included 281.60 on account of the transfer to the Fund for the economic development and improvement of rural areas.

MISCELLANEOUS ADJUSTMENTS BETWEEN CENTRAL AND PROVINCIAL GOVERNMENTS.

1934-35	Actuals	2,97.78
1935-36	Budget	3,04.94
	Revised	3,13.51
1936-37	Budget	4,06.57

48. The details of the estimates are as follows :—

	Budget, 1935-36.	Revised, 1935-36.	Budget, 1936-37.
(1) Subvention to North-West Frontier Province	1,00.00	1,00.00	1,00.00
(2) Subvention to Sind	..	..	1,08.00
(3) Subvention to Orissa	..	..	50.00
(4) Special subventions to Bengal, Bihar and Orissa and Assam on account of their share of net jute export duty	1,79.00	1,94.00	1,89.00
(5) Special subvention to Burma equivalent to the proceeds from their match tax	18.00	18.00	18.00
(6) Special subvention to Provinces out of the sugar excise duty	6.43	..	..
(7) Other items	1.51	1.51	1.57
Total	<u>3,04.94</u>	<u>3,13.51</u>	<u>4,66.57</u>

WAYS AND MEANS.

HOME TREASURY.

—49. The following is a summary of the estimated transactions of the Home Treasury:—

(In millions of £.)

	Budget, 1935-36.	Revised, 1935-36.	Budget, 1936-37.
RECEIPTS.			
1. Discount on loans raised in previous years brought to account as debt incurred	·38	·38	·34
2. Remittances between England and India—			
— (a) Recoveries on account of drawings by Iraq administration on India	·60	·11	..
(b) Sale of silver	3·00	1·54	..
(c) Other transactions	—·05	·22	—·02
3. Deposits and Advances	5·77	6·57	5·14
Total Receipts, excluding direct remittances and loans	9·70	8·82	5·46
DISBURSEMENTS.			
4. Excess of Expenditure of the Central Government over Revenue	24·18	24·35	23·49
5. Capital Expenditure not charged to Revenue—			
(a) Outlay on State Railways	1·50	1·29	1·29
(b) Other items	..	..	·02
6. Discharge of Permanent Debt	17·49	17·46	18·93
7. Disbursements on behalf of Provincial Governments	2·46	2·55	2·71
Total Disbursements.	45·63	45·65	46·44
NET DISBURSEMENTS	35·93	36·83	40·98
Transfers through the Reserve Bank (net)	28·02	11·82	40·98
New Loan (less discount)	..	10·00	..
Reduction (+) or increase (—) of cash balance	+9·91	+15·21	..
Opening Balance	10·64	15·76	·55
Closing Balance	·73	·55	·55

50. The details of the figures shown in the revised estimate for the current year and the budget estimate for next year against "Discharge of permanent debt" are as follows:—

	Revised estimate 1935-36.	Budget estimate 1936-37.
Capital portion of Railway annuities.	1·83	1·90
Railway sinking funds	·17	·17
6 per cent. sterling bonds	11·96	Nil
4½ per cent. East Indian Railway debenture stock	3·50	Nil
5½ per cent. sterling stock	Nil	16·86
Total	17·46	18·93

51. The details of the sterling loan issued in 1935-36 are as follows :—

Month of Issue.	Form of Issue.	Nominal amount.	Issue price.
July, 1935	3% stock 1949-52.	10 millions	98 per cent.

The estimates assume that no sterling loan will be issued next year.

INDIA.

52. The following is a summary of the estimates of ways and means in India during 1935-36 and 1936-37 :—

(In crores of rupees.)

	Budget, 1935-36.	Revised, 1935-36.	Budget, 1936-37.
RECEIPTS.			
1. Excess of Revenue of the Central Government over Expenditure charged to Revenue	32·29	32·47	31·38
2. Unfunded Debt incurred—			
(a) Post Office Cash Certificates (net)	2·75	..	—·50
(b) Post Office Savings Bank deposits (net)	8·75	9·50	8·25
(c) Other Savings Bank deposits (net)	6·42	6·19	6·65
3. Appropriation for reduction or avoidance of debt	3·00	3·00	3·00
4. Railway Depreciation Fund	1·89	—·53	2·84
5. Posts and Telegraphs Depreciation Fund	·19	·18	·14
6. Discount Sinking Fund	·66	·07	·67
7. Defence Reserve Fund	—·57	—·25	—·82
8. Miscellaneous Deposits and Remittances (net)	16·45	21·75	·49
TOTAL RECEIPTS	71·83	72·38	52·10

(In crores of rupees.)

	Budget, 1935-36.	Revised, 1935-36.	Budget, 1936-37.
DISBURSEMENTS.			
9. Capital Expenditure not charged to Revenue—			
(a) State Railways	3.50	.03	1.53
(b) Posts and Telegraphs	.55	.47	.42
(c) Other items	6.23	6.19	.73
10. Permanent Debt discharged	27.81	27.53	.20
11. Floating Debt discharged (net)	3.50	20.24	—11.00
12. Civil Aviation	.44	.16	.48
13. Economic development and improvement of rural areas	.25	.94	.95
14. Broadcasting	.05	.04	..
15. Development in tribal areas on the North-West Frontier	.10	..	..
16. Fund for reconstruction of Earthquake damage (Bihar)	.89	.61	.70
17. Post Office Cash Certificate Bonus Fund	.25	.25	1.00
18. Loss on revaluation, sale, transfer, etc., of assets of the Paper Currency Reserve (net)	7.00	8.65	..
19. Loans by the Central Government—			
(a) To Provincial Loans Fund	10.25	8.64	3.98
(b) Other Loans	—0.01	.60	.50
20. Remittances between England and India—			
(a) Remittance from India for financing Home Treasury	34.69	..	..
(b) Transfers through the Reserve Bank (net)	..	15.49	54.64
(c) Sale of silver	4.00	2.05	..
(d) Other transactions (net)	.73	.44	—0.03
21. Balances of Provincial Governments	—2.71	—1.15	—1.98
TOTAL DISBURSEMENTS	97.32	91.18	52.12
NET DISBURSEMENTS	25.49	18.80	.02
New Loan	25.00	15.13	..
Reduction (+) or increase (—) of cash balance	+ 49	+ 3.67	+ .02
Opening Balance	13.10	16.18	12.51
Closing Balance	12.61	12.51	12.49

53. The figure shown in the revised estimate for the current year against "Permanent Debt discharged" includes the following:—

6½ per cent. Treasury Bonds, 1935	16.02
5 per cent. Bonds, 1935	11.36

54. The result of the current years' rupee loan, which was a 3 per cent. loan 1951-54 issued at Rs. 96½ per cent. is summarised below:—

	(In lakhs of rupees.)
Subscriptions in cash	2.11
Subscriptions in the form of 5 per cent. Bonds 1935	8.38
Subscriptions in the form of 6½ per cent. Treasury Bonds, 1935	4.64
Total	15.13

55. The following table gives a summary of the estimates of ways and means in India and England combined :—

(In lakhs of rupees.)

	Budget, 1935-36.			Revised, 1935-36.			Budget, 1936-37.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	1	2	3	4	5	6	7	8	9
Opening Balance	13,10	14,18	27,28	16,18	21,02	37,20	12,51	73	13,24
Excess of Revenue over Expenditure	32,29	-32,23	6	32,47	-32,47	...	31,38	-31,32	6
New Loan	25,00	...	25,00	15,13	13,33	28,46	...	...	...
Post Office Cash Certificates (Net)	2,75	...	2,75	...	...	...	-50	...	-50
Post Office Savings Bank Deposits (Net)	8,75	...	8,75	9,50	...	9,50	8,25	...	8,25
Other Unfunded Debt (Net)	6,42	16	6,58	6,19	17	6,36	6,65	31	6,96
Discount Sinking Fund	66	...	66	7	...	7	67	...	67
Reduction or Avoidance of Debt	3,00	...	3,00	3,00	...	3,00	3,00	...	3,00
Railway Depreciation Fund	1,89	...	1,89	-53	...	-53	2,34	...	2,84
Posts and Telegraphs Depreciation Fund	19	...	19	18	...	18	14	...	14
Defence Reserve Fund	-57	...	-57	-25	...	-25	-82	...	-82
Cash Balance Investment Account	5,37	...	5,37	7,10	...	7,10	...	...	...
Other Deposits and Advances (Net)	11,14	7,48	18,60	14,35	9,40	23,75	52	6,97	7,49
TOTAL	96,89	-24,61	72,28	87,21	-9,57	77,64	52,13	-24,04	28,09
GRAND TOTAL	1,09,99	-10,43	99,56	1,03,39	11,45	1,14,84	64,64	-23,31	41,33
Capital Outlay—									
Railways	3,50	2,00	5,50	3	1,72	1,75	1,53	1,72	3,25
Posts and Telegraphs	65	...	65	47	...	47	42	...	42
Civil	5,83	...	5,83	5,73	1	5,74	37	3	40
Commutation of Pensions	44	...	44	48	...	48	40	...	40
Gratuities to retrenched personnel	-4	...	-4	-2	...	-2	-4	...	-4
Discharge of Permanent Debt	27,61	22,81	50,42	27,53	23,28	50,81	20	25,24	25,44
Discharge of Treasury Bills	3,50	...	3,50	20,24	...	20,24	-11,00	...	-11,00
Sinking Fund Investment Account	-1	...	-1	-1	...	-1	...	...	...
Cash Certificate Bonus Fund	25	...	25	25	...	25	1,00	...	1,00
Civil Aviation	44	...	44	16	...	16	48	...	48
Economic development and improvement of rural areas	25	...	25	94	...	94	95	...	95
Broadcasting	5	...	5	4	...	4	...	...	...
Development in tribal areas on N. W. F.	10	...	10	...	...	...	...	...	...
Gain or loss on sale, etc., of assets of the Paper Currency Reserve	7,00	...	7,00	8,65	...	8,65	...	...	...
Fund for reconstruction of Earthquake damage (Bihar)	89	...	89	61	...	61	70	...	70
Loans to public (Net)	-1	...	-1	60	...	60	60	...	60
Sale of silver. (Remittance Account)	4,00	-4,00	...	2,05	-2,05	...	...	...	...
Iraq drawing	80	-80	...	15	-15	...	...	...	...
Home Remittances	34,69	-34,69	...	...	...	...	...	...	...
Transfers through the Reserve Bank (Net)	...	...	...	15,49	-15,49	...	64,64	-54,64	...
Provincial requirements	7,54	3,23	10,82	7,49	3,40	10,89	2,00	3,61	5,61
TOTAL	97,38	-11,40	85,98	90,88	10,73	1,01,60	52,15	-24,04	28,11
Closing Balance	12,61	97	13,58	12,51	73	13,24	12,49	73	13,22
GRAND TOTAL	1,09,99	-10,43	99,56	1,03,39	11,45	1,14,84	64,64	-23,31	41,33

56. The figures relating to India's debt have been given in Appendix II. The balance of total interest-bearing obligations not covered by interest yielding assets, cash and bullion on the 31st March 1936 is practically the same as on the 31st March 1935.

J. C. NIXON.

The 28th February 1936.

APPENDIX I.

Memorandum on the Defence Services Estimates, 1936-37.

The Defence estimates which cover expenditure on the Army in India, the Royal Air Force and the Royal Indian Navy have been prepared in the same form as those for 1935-36.

2. A table showing the course of expenditure during the past five years and the estimated expenditure in the current and impending financial years is given below :—

	Crores of rupees.
1930-31	54.30
1931-32	51.76
1932-33	46.74
1933-34	44.42
1934-35	44.34
1935-36 (Budget estimate)	44.98
1935-36 (Revised estimate)	44.98
1936-37 (Budget estimate)	45.45

3. The budget figure for 1936-37 provides Rs. 60 lakhs for the reconstruction of Quetta and other expenditure arising out of the earthquake. The figure for the ordinary Defence Budget is thus Rs. 44.85 crores or Rs. 13 lakhs below the figure for the current year. But these two figures are not strictly comparable seeing that the estimate for 1936-37 for the first time excludes expenditure on Indian Military Service Family Pensions in respect of which other arrangements are contemplated. On a real basis of comparison therefore the estimate for next year shews an increase of Rs. 21 lakhs. This is more than accounted for by the restoration of the remaining half of the 10 per cent. cut in pay of British Soldiers imposed by His Majesty's Government costing Rs. 5 lakhs and an addition of Rs. 20 lakhs in the cost of Ordnance Services. Members have, in the course of the last few years, been reminded from time to time that the budget allotments for these years should not be regarded as marking a new permanent low level in Defence expenditure and that the large reductions in the Defence budget had been achieved, to some extent, by measures of a purely temporary nature. In this connection reference has been made in particular to the gradual consumption of surplus stocks. These are now approaching exhaustion and the time has come at which expenditure on the purchase of ordnance stores must rise. To meet this situation, the additional sum of Rs. 20 lakhs is required in 1936-37.

4. The provision for new services is Rs. 18 lakhs as compared with the Rs. 55 lakhs of the preceding year. This provision of Rs. 18 lakhs covers some eighty measures of re-organisation, equipment or improvement which in the view of the Defence authorities are essential if the Defence services are to be maintained up to the standard of modern requirements. The largest single item is one of Rs. 3½ lakhs for the purchase of mules. In view of the number of mules available at the end of the Great War and subsequent Frontier operations and owing also to the disbandment of some transport units and the mechanisation of others, little or no expenditure had to be incurred on

the purchase of these animals over several years. A large number of them are now reaching the limit of their useful life and have to be replaced. A sum of Rs. 1½ lakhs is being provided to furnish the Royal Air Force with facilities for improved training in air-firing on moving targets. Among other items are the provision of a Royal Air Force Instructor at the Staff College, a reorganisation of the Judge Advocate General's Department and the creation of a small veterinary laboratory at Lahore.

5. Of the provision of Rs. 60 lakhs in connection with Quetta, Rs. 50 lakhs is to cover the portion of the reconstruction programme that is expected to be carried out next year and the balance contemplates mainly the replacement of ordnance stores including tents used up in the emergency created by the earthquake.

6. The policy followed in the current year's estimates of allowing the minimum margin for a rise in the prices of grains and other foodstuffs has again been followed in 1936-37. Prices for these commodities have been fixed at the lowest rate compatible with safety, the Finance Department having again undertaken to provide a supplementary grant should an unforeseen rise in prices result in an excess of expenditure.

7. The position of the re-equipment programme is as follows :—

	Crores of rupees.
Amount spent up to 31st March 1935	7·84
Amount allotted from the Defence Reserve Fund 1935-36	·20
The estimated cost of the programme is	9·75
The balance to complete is therefore	1·71

The balance available in the Defence Reserve Fund to meet this is Rs. 115 lakhs of which a sum of Rs. 28 lakhs has been transferred to the budget for expenditure in 1936-37.

8. Detailed explanations of variations in the Defence Estimates are given in the volume of budget estimates. If Hon'ble Members desire any further information they are invited to obtain it by personal request to the Financial Adviser, Military Finance.

NEW DELHI ;
The 28th February 1936. }

B. M. STAIG,
Financial Adviser, Military Finance.

	Accounts, 1934-35.	Budget, 1935-36.	Revised, 1935-36.	Budget, 1936-37.
EXPENDITURE.	Rs.	Rs.	Rs.	Rs.
<i>48.—Defence Services—Effective.</i>				
1. Fighting Services . . .	17,06,83,274	17,18,14,000	17,13,25,000	17,13,69,000
2. Administrative Services . .	6,58,69,814	6,98,87,000	6,84,98,000	6,98,08,000
3. Manufacturing Establishments (including stores)	2,46,74,733	2,47,07,000	2,59,47,000	2,74,76,000
4. Army Headquarters, Staff of Commands, etc. . .	1,89,98,600	2,01,93,000	2,01,43,000	2,05,40,000
5. Purchase and sale of stores, Equipment and Animals (other than those purchased direct by manufacturing establishments, M. E. S., R. A. F. and R. I. N.) . . .	3,37,83,225	3,56,60,000	3,38,89,000	3,57,70,000
6. Special Services . . .	21,125	..	2,00,000	..
7. Transportation, Conservancy, Hot Weather establishments and Miscellaneous . . .	2,68,54,632	2,70,14,000	2,86,50,000	2,81,24,000
8. Military Engineer Services (including stores).	3,16,32,397	3,61,80,000	3,66,30,000	3,69,66,000
9. Auxiliary and Territorial Forces . . .	61,17,630	66,12,000	63,49,000	63,21,000
10. Royal Air Force (including stores) . . .	1,70,46,088	1,95,91,000	1,82,06,000	1,94,66,000
11. Royal Indian Navy (including stores) . .	71,54,464	60,93,000	60,80,000	74,65,000
12. Quetta Reconstruction . .	..	..	..	50,00,000
Total . . .	40,28,35,982	41,77,51,000	41,59,17,000	42,83,05,000
<i>49.—Defence Services—Non-Effective.</i>				
1. Army . . .	8,53,50,145	8,55,84,000	8,58,00,000	8,23,06,000
2. Royal Air Force . . .	4,82,809	5,46,000	5,06,000	5,52,000
3. Royal Indian Navy . . .	8,66,120	8,58,000	9,00,000	8,96,000
Total . . .	8,66,99,074	8,69,88,000	8,72,06,000	8,37,54,000
<i>50.—Transfers to/from Defence Reserve Fund .</i>	68,92,924	—56,62,000	—24,89,000	—82,40,000
Total Expenditure . . .	49,64,27,980	49,90,77,000	50,06,34,000	50,38,19,000

	Accounts, 1934-35.	Budget, 1935-36.	Revised, 1935-36.	Budget, 1936-37.
	Rs.	Rs.	Rs.	Rs.
RECEIPTS.				
XXXVI.—Defence Services —Effective	4,81,32,361	4,47,09,000	4,61,45,000	4,56,35,000
XXXVII.—Defence Services —Non-Effective	48,69,619	45,68,000	46,89,000	36,84,000
Total Receipts	5,30,01,980	4,92,77,000	5,08,34,000	4,93,19,000
Net Expenditure	44,34,26,000	44,98,00,000	44,98,00,000	45,45,00,000

Statement showing the interest-bearing obligations of the Government of

	31st March 1923.	31st March 1924.	31st March 1925.	31st March 1926.	31st March 1927.	31st March 1928.
INTEREST-BEARING OBLIGATIONS.						
<i>India—</i>						(In crores
Loans (a)	339.83	358.81	370.38	368.29	374.44	372.25
Treasury Bills in the hands of the public	21.59	2.12	..	..	..	7.59
Treasury Bills in the Paper Currency Reserve	49.65	49.65	49.65	49.65	41.47	31.94
Ways and Means Advance	..	..	..	..	..	..
Other Obligations—						
Post Office Savings Banks	23.20	24.79	25.64	27.23	29.51	32.67
Cash Certificates	3.13	8.42	13.12	20.96	26.68	30.70
Provident Funds, etc.	36.17	39.00	42.39	46.36	51.02	55.82
Depreciation and Reserve Funds	..	..	9.08	15.45	20.10	25.48
Provincial Balances (b)	2.86	4.17	4.83	11.87	10.49	10.43
Total Loans, etc.	411.07	410.58	420.03	417.94	415.91	411.78
Total Other Obligations	65.36	76.38	95.06	121.87	137.80	155.15
Total in India	476.43	486.96	515.09	539.81	553.71	566.93
<i>In England—</i>						(In millions
Loans (a)	222.92	244.53	(c) 263.39	(e) 266.35	265.09	272.32
War Contribution	19.71	19.27	18.81	18.32	17.81	17.28
Capital value of liabilities undergoing redemption by way of terminable railway annuities	61.31	60.10	58.84	57.53	56.19	54.79
India Bills	..	..	..	..	..	..
Provident Funds, etc.	..04	..13	..16	..21	..27	..19
Total in England	303.98	324.03	341.20	342.41	339.36	344.58
Equivalent at 1s. 6d. to the Rupee	405.31	432.04	454.93	456.55	452.48	(In crores 459.44
Total Interest-bearing obligations	881.74	919.00	970.02	996.36	1,006.19	1,026.37
INTEREST-YIELDING ASSETS—						
Capital advanced to Railways	517.22	537.02	(d) 578.05	(f) 605.61	635.46	668.60
Capital advanced to other Commercial Departments	19.43	20.07	22.00	17.77	19.16	20.73
Capital advanced to Provinces	87.49	97.56	106.43	114.60	120.17	126.34
Capital advanced to Indian States and other interest-bearing loans	8.90	8.93	10.16	11.84	12.11	13.91
Total Interest-yielding assets	633.04	663.58	716.64	749.82	786.90	829.58
Cash, bullion and securities held on Treasury account	44.80	50.47	57.35	51.96	37.48	24.26
Balance of total interest-bearing obligations not covered by above assets	203.90	204.95	196.03	194.58	181.81	172.53

- (a) These figures represent the nominal amounts of loans outstanding and also
- (b) The figures represent those portions of provincial balances which bear interest Relief Fund or because they have been placed with the Government of India
- (c) Includes the liability assumed by the Secretary of State for East Indian Railway Railway on the 1st January 1925. It therefore does not represent any increase
- (d) Includes 27.07 crores on account of the liability referred to in (c)
- (e) Includes the liability assumed by the Secretary of State for the Great Indian contract with that Railway on the 1st July 1925. Vide also last sentence under
- (f) Includes 4.88 crores on account of the liability referred to in (e)

DIX II.

India, outstanding at the close of each financial year.

31st March 1929.	31st March 1930.	31st March 1931.	31st March 1932.	31st March 1933.	31st March 1934.	31st March 1935.	31st March 1936.
of rupees.)							
390.73	405.11	417.24	422.69	446.89	435.43	438.31	425.91
4.00	36.04	55.38	47.53	26.09	33.31	18.27	} 34.09
39.15	29.22	5.89	49.67	35.48	25.93	36.07	
..	..	..	9.50	..	..	..	
34.49	37.13	37.03	38.20	43.40	52.23	58.30	67.80
32.30	35.00	38.43	44.58	55.64	63.71	65.96	65.96
60.52	65.41	70.33	73.04	76.74	83.77	89.80	95.99
31.09	30.18	21.39	17.65	15.22	13.04	13.05	12.74
10.43	10.21	6.09	4.32	7.02	6.17	6.66	4.93
433.88	470.37	478.51	529.39	508.46	494.67	492.65	460.00
168.83	177.93	173.27	177.79	198.02	218.92	233.77	247.42
602.71	648.30	651.78	707.18	706.48	713.59	6.42	707.42
of £)							
283.31	289.03	316.81	313.60	314.33	321.01	323.38	317.75
16.72	16.72	16.72	16.72	16.72	16.72	16.72	16.72
53.35	51.86	50.32	48.72	47.06	45.35	43.58	41.75
..	6.00	4.05	..	..	..	..	..
.43	2.54	.69	.80	.91	1.03	1.15	1.27
353.81	366.15	388.59	379.84	379.02	384.11	384.83	377.49
of rupees.)							
471.75	488.20	518.12	506.45	505.36	512.15	513.11	503.32
1,074.46	1,136.50	1,169.90	1,213.63	1,211.84	1,225.74	1,239.53	1,210.74
700.69	730.79	743.98	750.73	756.75	754.94	755.63	757.38
21.81	22.70	23.65	24.25	21.89	23.23	23.76	24.30
137.52	142.60	151.82	163.64	173.04	175.18	178.15	186.82
15.49	17.65	19.45	20.29	20.92	21.11	20.32	20.92
875.51	913.74	938.90	958.91	972.60	974.46	977.86	989.42
28.34	45.36	34.03	41.42	35.69	43.25	63.33	22.99
170.61	177.40	196.97	213.30	203.55	208.03	198.34	198.33

include comparatively small amounts of expired loans which do not bear interest, either because they form part of the old Famine Insurance Fund or the present Famine on fixed deposit.

Debenture Stock, aggregating £18½ millions, on the termination of the contract with that in the foreign indebtedness of the country as a whole.

above.

Peninsula Railway Debenture Stock, aggregating £3½ millions, on the termination of the (a) above.

above.

APPENDIX III.

Statement showing the distribution, as between voted and non-voted, of the gross expenditure of the Central Government as shown in the Budgets presented to the Legislature.

[In lakhs of rupees.]

	1935-36.				1936-37.			
	Voted	Non-voted.	Total.	Per-centage of voted to total.	Voted.	Non-voted.	Total.	Per-centage of voted to total.
Expenditure charged to revenue.	96,85	1,09,13	2,05,98*	47	1,00,19	1,08,07	2,08,26*	48
Expenditure not charged to revenue.	7,99	5,25	12,34	57	4,25	22	4,47	95
Total Expenditure both charged and not charged to revenue.	1,03,94	1,14,38	2,18,32	48	1,04,44	1,08,20	2,12,73	49

*These figures have been arrived at as follows :—

Expenditure as per Budget Statements . . .	1,20,95	1,22,70
Add—Working expenses of—		
(a) Railway Department	70,61	70,23
(b) Posts and Telegraphs	10,62	10,93
(c) Irrigation	1	1
Add—Refunds	3,79	4,39
	<u>2,05,98</u>	<u>2,08,26</u>

Appendix IV.

COMMERCIAL AND FINANCIAL STATISTICS.

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COMMERCIAL AND

	1927-28.	1928-29.	1929-30.	1930-31
	Rs.	Rs.	Rs.	Rs.
Recorded revenue compared with recorded expenditure, excluding capital expenditure not charged to Revenue—				
Surplus : : : :	::		26,88,598	
Deficit : : : :	::	81,54,002		11,58,44,974
Capital Expenditure on Railways and Irrigation works not charged to Revenue.	82,48,48,928	25,86,12,112	30,18,89,476	18,21,14,812
Capital charge involved in the purchase of Railways.	..	3,99,30,676	..	..
Capital outlay on the Posts and Telegraphs Department not charged to Revenue.	46,87,947	58,38,185	38,07,839	—3,67,995
Capital outlay on Light-houses and Light-ships.	..	..	12,821	—12,821
Capital outlay on Vizagapatam Port and Security Printing not charged to Revenue.	19,28,440	24,47,840	5,97,772	42,74,927
Payments to Retrenched personnel	..	..	..	..
Outlay on Schemes of Agricultural Improvement and Research.	..	..	..	..
Initial Expenditure on New Capital at Delhi.	46,57,782	36,64,623	72,72,239	46,26,555
Civil Works	..	..	..	..
Commuted value of pensions not charged to Revenue.	44,26,219	36,09,034	38,08,683	42,65,721
Currency Capital outlay	12,94,577	3,37,014	68,632	1,35,474
Outlay on Bombay Land Scheme	20,74,500	..	..	2,10,37,386
Net Public Debt incurred	+2,44,27,984	+31,64,15,740	+50,50,22,284	+40,38,17,953
Value of commodities exported, excluding Gold and Silver.	3,30,26,40,000	3,39,15,10,000	3,18,99,00,000	2,26,50,20,000
Value of commodities imported, excluding Gold and Silver.	2,61,52,40,000	2,63,39,80,000	2,49,70,70,000	1,73,06,80,000
Excess of Exports over Imports, excluding Gold and Silver.	68,74,00,000	75,75,30,000	69,28,30,000	53,43,90,000
Net Imports of Gold . . .	18,10,00,000	21,20,00,000	14,22,10,000	12,75,20,000
Net Imports of Silver . . .	13,83,00,000	9,77,00,000	8,62,10,000	10,07,90,000
TOTAL NET IMPORTS OF GOLD AND SILVER.	31,93,80,000	30,97,00,000	22,84,20,000	22,83,10,000
Excess of Exports over Imports, including Gold and Silver.	36,80,40,000	44,78,30,000	46,44,10,000	30,60,80,000
Net Imports of Currency Notes	(b)—17,70,000	(b)—2,80,000	(b)—15,30,000	3,10,000
Excess of Exports over Imports, including Gold, Silver and Currency Notes.	36,98,10,000	44,81,20,000	46,59,40,000	30,57,70,000
Purchases of sterling (a) . .	28,825,000	30,810,000	15,215,000	5,895,000
Rupee Equivalent thereof . .	37,77,30,264	41,02,18,228	20,39,11,720	7,26,74,925
Sterling obtained in England . .	..	..	..	..
Rupee Equivalent thereof . .	..	..	..	..
Sale of Sterling . . .	..	..	..	5,783,626
Rupee Equivalent thereof . .	..	..	..	7,74,56,907
Silver coined at the Indian Mints	10,15,686	52,66,573	1,80,000	18,23,582

(a) Includes remittances of the

(b) Net

(c) Represents purchases of Sterling

dix IV.

FINANCIAL STATISTICS.

1931-32.	1932-33.	1933-34.	1934-35.	1935-36. Revised.	1936-37. Budget.
Rs	Rs.	Rs.	Rs.	Rs.	Rs.
11,74,53,277	1,55,19,192	..	36,00,000	..	6,29,000
6,75,72,209	—72,56,706	—1,81,48,888	68,70,308	1,75,00,000	3,25,00,000
..	..	..	..	..	..
87,91,876	14,81,501	5,38,292	32,87,494	47,14,000	42,02,000
..	..	..	..	..	..
32,66,376	52,43,309	42,00,340	13,59,456	6,74,000	9,87,000
1,45,487	12,63,541	2,94,343	—1,08,454	—2,63,000	—4,44,000
..	..	..	78,422	27,71,000	7,22,000
14,00,668	..	9,09,579	72,13,103	40,06,000	23,66,000
42,31,943	78,88,729	1,77,312	—1,77,312	..	..
..	..	82,99,286	59,37,791	48,17,000	39,90,000
—5,843	—8,83,512	—4,14,277	—50,619	4,99,23,000	—99,000
+ 39,55,86,853	—22,40,90,842	—7,24,30,068	—1,08,36,355	—42,59,23,000	—14,44,23,000
1,61,20,20,000	1,35,93,30,000	1,51,17,20,000	1,55,49,70,000	1,64,81,75,801	
1,30,64,30,000	1,35,01,30,000	1,17,30,50,000	1,34,58,70,000	1,36,78,03,469	
30,55,90,000	91,50,000	33,86,70,000	20,91,00,000	28,03,72,332	
(b) —57,98,30,000	(b)—65,52,30,000	(b)—57,05,40,000	(b)—52,53,70,000	(b)—37,35,58,598	
(b) —42,20,000	(b)—2,01,30,000	(b)—6,35,70,000	(b)—5,40,70,000	(b)—57,30,852	
(b) —58,40,50,000	(b)—67,53,60,000	(b)—63,41,10,000	(b)—57,94,40,000	(b)—37,92,89,750	
88,96,40,000	68,45,10,000	97,27,80,000	78,85,40,000	65,96,62,082	
(b) —26,60,000	(b)—13,40,000	(b)—19,40,000	(b)—30,90,000	(b)—29,04,904	
89,22,00,000	68,58,50,000	97,47,20,000	79,22,30,000	66,25,66,980	
40,349,000	35,753,000	45,158,000	37,542,000	(c)—34,425,000	
53,43,41,044	47,23,36,740	59,97,30,039	49,81,91,178	45,58,16,478	
..	1,212,998	60,313	33,926	..	
..	1,61,05,538	8,00,000	4,50,000	..	
14,047,804	..	..	..	..	
18,97,55,056	..	..	..	..	
..	..	20,28,263	20,28,016	19,89,456	

Currency Department.

Exports.

made by the Reserve Bank of India.

COMMERCIAL AND.

	1927-28.	1928-29.	1929-30.	1930-31.
Maximum price in pence of an oz. troy standard Silver in London.	27 (Dec.)	28½ (May)	25½ ⁵ / ₈ (Apr.)	19½ ³ / ₈ (April).
Minimum price in pence of an oz. troy standard Silver in London.	24½ ³ / ₈ (August)	25½ (Feb.)	18½ (Mar.)	12 (Feb.).
Average Exchange per rupee upon Secretary of State's Bills sold and sterling purchased.	1s. 5.997d.	1s. 6.02d.	1s. 5.709d.	1s. 5.841d.
Average of the daily telegraphic transfer rates from Calcutta on London.	1s. 5.93d.	1s. 5.97d.	1s. 5.86d.	1s. 5.78d.
Rate of Exchange for the adjustment of transactions between the Indian and Imperial Governments.	1s. 6d.	1s. 6½.	1s. 8d.	1s. 6d.
Maximum rate of discount on loans on demand at the Imperial Bank of India.*	7 (Apr. to June, and Dec. to Mar.).	8 (Feb. and Mar.)	8 (Apr.).	7 (April and Jan. to Mar.).
Minimum rate of discount on loans on demand at the Imperial Bank of India.*	4 (July to Sept.)	5 (July to Nov.)	5 (June to Oct.).	5 (July to Nov..)
Maximum rate of discount at the Bank of England.	5 (April)	6½ (Feb. and Mar.)	6½ (Sept. and Oct.)	8½ (April)
Minimum rate of discount at the Bank of England.	4½	4½ (Apr. to Feb.).	3½ (Mar.).	3 (May to Mar.)
Maximum Government balance at the Imperial Bank of India.* Rs.	19,97,33,000 (Apr.).	17,20,78,000 (Aug.).	20,65,73,000 (June).	23,70,44,000 (Aug.).
Minimum Government balance at the Imperial Bank of India.* Rs.	3,05,09,000 (Oct.).	3,71,10,000 (Apr.).	5,88,61,000 (June).	6,94,35,000 (Dec.).
Maximum price in Calcutta of 5 per cent. income-tax free loan, 1945-55.	108—18	106—11	102—12	101—0
Minimum price in Calcutta of 5 per cent. income-tax free loan, 1945-55.	105—13	103—4	100	99—4
Maximum price in Calcutta of Government 8½ per cent. Rupee Securities.	79—5 (Apr.)	75—10 (June)	72—5 (May).	68—14 (April).
Minimum price in Calcutta of Government 8½ per cent. Rupee Securities.	74—6 (Dec.)	71—14 (Feb. and Mar.).	63—15 (Feb.).	61—5 (Mar.).
Maximum price in Calcutta of 3 per cent. Rupee Securities.	67—14 (Apr.).	64—12 (Apr. and June).	61—15 (May).	59—1 (April).
Minimum price in Calcutta of 3 per cent. Rupee Securities.	63—14 (Dec.)	60—13 (Mar.)	54—13 (Feb.).	52—9 (Mar.).
Maximum amount outstanding on London Register of Rupee Securities encased for Interest Drafts Rs.	8,73,81,000 (Dec.).	9,08,08,000 (July).	8,71,22,000 (Apr.).	8,54,29,000 (May).

* At the Reserve Bank of India

FINANCIAL STATISTICS—*contd.*

1931-32.	1932-33.	1933-34.	1934-35.	1935-36. Revised.
21 $\frac{9}{16}$ (Nov.)	18 $\frac{15}{16}$ (August).	20 $\frac{1}{2}$ (March).	28 $\frac{7}{8}$ (March).	36 $\frac{1}{2}$ (April.)
12 $\frac{1}{2}$ (May)	16 $\frac{1}{2}$ (Decr.).	17 $\frac{1}{2}$ (April).	18 (May).	19 (January.)
1s. 6'123d.	1s. 6'156d.	1s. 6'071d.	1s. 6'086d.	1s—6'126d.
1s. 5'91d.	1s. 6'06d.	1s. 6'02d.	1s. 6'05d.	1s—6 $\frac{3}{32}$ d.
1s. 6d.	1s. 6d.	1s. 6d.	1s. 6d.	1s—6d.
8 (Septr. to Jan.)	6 (April).	3 $\frac{1}{2}$	3 $\frac{1}{2}$	3 $\frac{1}{2}$
6 (May to August, February and March).	3 $\frac{1}{2}$ (February and March).	3 $\frac{1}{2}$	3 $\frac{1}{2}$	3
6 (Septr. to Feb.).	3 $\frac{1}{2}$ (April)	2	2	2
2 $\frac{1}{2}$ (May to July)	2 (June to Mar.).	2	2	2
21,26,89,000 (July).	20,08,62,000 (July).	12,50,13,000 (April).	12,84,76,000 (March.)	22,34,34,000 (June.)
6,35,46,000 (Dec.).	5,64,00,000 (Nov.).	5,83,69,000 (June).	5,16,36,000 (Septr.).	5,58,41,000 (January.)
101—11	113—6	114—10	119—9	119—14
88—8	98—6	109—0	114—10	114—10
63—0 (April).	88—0 (March).	88—12	98—12	98—6
54—7 (Jany.).	60—8 (April).	79—8	87—8	87—15
5 $\frac{1}{2}$ (April).	75—15 (March).	76—1	90—0	90—8
44—1 (Jany.).	51—14 (April).	88—3	75—0	73—0
8,33,45,000 (April).	8,38,39,000 (April).	10,75,73,000 (April).	8,56,04,000 (Novr.)	8,48,60,000 (April.)

with effect from 1935-36.

COMMERCIAL AND

	1927-28.	1928-29.	1929-30.	1930-31.
Minimum amount outstanding on London Register of Rupee Securities encased for Interest Drafts Rs.	8 09,28,000 (Nov.).	8,23,92,000 (June).	8,41,97,000 (March).	8,34,08,000 (March).
Maximum price in London of 3½ per cent. Rupee Securities in £	58	56	58	49½
Minimum price in London of 3½ per cent. Rupee Securities in £	55½	52½	47	44½
Maximum price in London of India 3½ per cent. Stock.	73½	72½	70	68½
Minimum price in London of India 3½ per cent. Stock.	68	66½	55½	55½
Maximum price in London of India 8 per cent. Stock.	63½	62	60	59½
Minimum price in London of India 8 per cent. Stock.	59	56½	47	47
Maximum price in London of India 2½ per cent. Stock.	62	52½	50½	49
Minimum price in London of India 2½ per cent. Stock.	49	48½	40½	40½
Maximum price in London of 5½ per cent. Stock, 1932.	103½	102½	102	103½
Minimum price in London of 5½ per cent. Stock, 1932.	100½	100½	96	96
Maximum price in London of 6 per cent. Stock, 1932-33.	..	..	..	104 13/16
Minimum price in London of 6 per cent. Stock, 1932-33.	..	..	..	99 9/16
Maximum price in London of 6 per cent. Stock, 1933-34.	..	..	..	..
Minimum price in London of 6 per cent. Stock, 1933-34.	..	..	..	..
Maximum price in London of 6 per cent. Stock, 1933-35.	..	..	..	105½
Minimum price in London of 6 per cent. Stock, 1933-35.	..	..	..	99 5/16
Maximum price in London of 6 per cent. Stock, 1935-37.	..	..	..	103½
Minimum price in London of 6 per cent. Stock, 1935-37.	..	..	..	101
Maximum price in London of 5½ per cent. Stock, 1936-38.	..	..	..	..
Minimum price in London of 5½ per cent. Stock, 1936-38.	..	..	..	..
Maximum price in London of 4½ per cent. Stock, 1950-55.	94½	95½	91½	90
Minimum price in London of 4½ per cent. Stock, 1950-55.	89½	89½	78	78
Maximum price in London of 4½ per cent. Stock, 1953-68.	..	95	91½	89½
Minimum price in London of 4½ per cent. Stock, 1953-68.	..	87	77	77
Maximum price in London of 5 per cent. Stock, 1942-47.	..	..	..	..
Minimum price in London of 5 per cent. Stock, 1942-47.	..	..	..	..
Maximum price in London of 4 per cent. Stock, 1948-53.	..	..	..	..
Minimum price in London of 4 per cent. Stock, 1948-53.	..	..	..	..
Maximum price in London of 3½ per cent. Stock, 1954-59.	..	..	..	..
Minimum price in London of 3½ per cent. Stock, 1954-59.	..	..	..	..
Maximum price in London of 3 per cent. Stock, 1949-52.	..	..	..	..
Minimum price in London of 3 per cent. Stock, 1949-52.	..	..	..	..
Maximum Government Paper Currency outstanding. Rs.	1,86,28,22,000 (Jan.).	1,92,47,31,000 (Feb.).	1,87,70,73,000 (June).	1,74,14,84,000 (April).
Minimum Government Paper Currency outstanding. Rs.	1,69,68,18,000 (June).	1,77,15,84,000 (June).	1,77,23,06,000 (Mar.).	1,56,53,56,000 (Feb.).
Number of Post Office Savings Banks.	12,326	12,422	12,768	12,846
Number of accounts in Post Office Savings Banks.	2,606,071	2,020,832	2,804,904	2,477,913
Amount deposited in Savings Banks (balance at end of year) Rs.	32,66,68,188	34,49,07,680	37,13,13,370	37,02,59,875
Average of each deposit. Rs.	125.84	170.67	161.10	149.44
Net addition to deposits. Rs.	8,15,78,647	1,82,39,492	2,64,05,690	—10,53,495

FINANCIAL STATISTICS—concl'd.

1931-32.	1932-33.	1933-34.	1934-35.	1935-36. Revised.
8,24,70,000 (Jany.).	8,20,07,000 (Oct.).	8,16,05,000 (February).	8,07,72,000 (Sept.).	7,88,86,000 (December)
45½	63	65½	72½	71½
37	44½	59½	65½	66
65	93½	90½	99½	100½
41	49½	77½	86½	95½
55½	82	78½	93½	95½
84	42½	65½	74	76
46	69½	65½	83½	86½
29½	36	55½	61½	66½
101½	..	..	..	..
95	..	..	..	..
102½	..	..	..	..
90	..	..	..	..
101½	105½	..	..	..
(a) 87	93½	..	..	..
102 7/16	104½	..	..	..
87	91½	..	..	..
102 15/16	109	108 15/16	106 9/16	..
87	88½	100½	103½	..
97½	108½	100½	107½	106½
77	84½	100½	105½	102½
87½	109½	110½	114½	117½
55	67½	102	107½	108
86 9/16	110½	111	117	119½
54½	67½	102½	108½	112½
..	112½	112	110½	117½
..	95½	106	100½	112
..	..	104 13/16	110	111½
..	..	97½	102½	114
..	..	..	107 1/16	107½
..	..	..	95 11/16	102
..	..	..	..	99½
..	..	..	..	94
1,82,31,76,000 (February).	1,76,89,58,000 (March).	1,80,04,35,000 (October).	1,86,10,23,000 (March).	1,94,95,75,000 (November.)
1,40,22,59,000 (September).	1,67,83,20,000 (May).	1,75,40,06,000 (June).	1,76,75,38,000 (April).	1,85,49,98,000 (May.)
12,880	12,090	12,677	12,679	..
2,401,527	2,786,645	3,089,267	3,100,368	..
83,20,33,085	43,45,37,410	52,23 24,420	58,30,17,851	..
159.08	158.79	169.08	188.05	..
1,17,73,210	5,25,04,325	8,77,87,010	6,06,03,431	..

(a) According to calendar year.



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